PRESS CONFERENCES

of

THE PRESIDENT

1934 -- July 1 to Dec. 31

Henry M. Kannee,
Official Reporter.

CONFIDENTIAL
Press Conference #135,
Executive Offices of the White House,
August 15, 1934, 10.50 A. M.,

MR. DONALDSON: All in.

THE PRESIDENT: I think the only plans that I can announce is that at the request of Messrs. Storm, Stephenson and Roddan we are going back to Honolulu next summer.

Q Why wait?

Q Can't we make it sooner than that?

THE PRESIDENT: Well, it is very difficult to see everybody in this room. I do not think I have any particular news.

Q Mr. President, did you get a request from Minneapolis this morning to take some action in the strike?

THE PRESIDENT: Not that I know of.

Q I understand the employers' committee and the citizens' committee sent a joint message to the White House last night.

MR. EARLY: I have not seen anything of it.

THE PRESIDENT: We haven't got it.

Q Mr. President, anything new on the drought?

THE PRESIDENT: No. I mentioned to the Secretary of Agriculture the other day that when you came in today if you wanted to ask me about drought I would talk to you about it. Out of that came this delightful theory that I was going to issue a statement on drought which, of course, is not true. I will be glad to answer any specific questions you may want to ask about the drought area. We saw something of the area, as you all know. You also have seen the reports of the Department, of the decline in certain crops.

Q Mr. President, the food prices are going up already. Can you tell us the policy on that?

THE PRESIDENT: The food prices, according to headlines in the newspapers, are going up so fast that it might be called an unconscious effort to instill fear. I say, of course, "an unconscious effort."

There is plenty of food in the country, which is what I have been saying for the last three months, and there will be plenty of food to go around next Winter. I have no doubt that the great majority of people engaged in the food business will not attempt to profiteer on food but in every profession and business there are chiselers and, of course, we will do the best we can and use whatever methods are needed to get after chiselers and profiteers. However, the great majority of people, being decent Americans, are not going to try to profiteer in food. As a matter of fact, food prices have gone up very, very little. The element of the cost of living that goes into food -- I think you can get it from the Labor Department -- as I remember it, it has gone up 6 per cent in the past year which is very, very little.

Q What, exactly, can you do to these so-called chiselers?

THE PRESIDENT: Each case can be taken up as it comes along. You cannot start at this time of a year and say that if this happens we are going to do thus and so.

Q I am just wondering as to the possible means.

THE PRESIDENT: Oh, there are lots of ways.

Q Is there authority under existing law to meet that situation or will you require new legislation?

THE PRESIDENT: No, I have plenty of authority.

Q Do you think this $525,000,000. for drought relief is going to be sufficient to last to January?

THE PRESIDENT: I hope so. I think it will all be spent but I anticipate it will last through.

Q Can you augment that in any other way?

THE PRESIDENT: That I do not know. I frankly do not know the answer to that question yet. It is one of the things I am going to check up on but I do not think we will need to spend more than $525,000,000., certainly before Congress meets.

Q Can you tell us anything about the cotton trade agreement?

THE PRESIDENT: I have got a synopsis of it in my basket and have not read it yet. It is only in tentative form and has not been agreed to.

Q Wallace (Secretary of Agriculture Wallace), when he left here yesterday, said the agreement might be considered in a state of suspended animation. Can you tell us what that means? Will it be held up for the time being?

THE PRESIDENT: I do not know what he meant by that. As I understand it, it was that the great majority of the items that had been discussed had been agreed to but there were still a very small number under discussion.

Q Anything you can tell us on the primary?

Q On the results reported in this morning's paper?

THE PRESIDENT: I have not even read them.

Q Do you want to hear about them? (Laughter)

THE PRESIDENT: I have not even read or heard about them.

Q Burke is leading out in Nebraska against Charlie Bryan and Donahey is leading White.

THE PRESIDENT: Unfortunately for the people who have written stories on it, I cannot help you crawl back from the limb but the fact remains that I have not taken part in any primaries and do not intend to.

Q Mr. President, we are glad you are back home with us again; we missed you very much. Have you given any consideration to the local management appointment of an Engineer Commissioner and a Justice of the Municipal Court?

THE PRESIDENT: The Engineer Commissioner -- I think we are going to have something in a couple of days.

Q How about the Judge of the Municipal Court?

THE PRESIDENT: No, I have not taken that up at all.

Q And the location of the Tuberculosis Hospital?

THE PRESIDENT: The location of the Tuberculosis Hospital -- I think I have it.

Q Any particular site?

THE PRESIDENT: I suggested to the Secretary of Interior yesterday that in view of the fact that this hospital is going to be a pretty important thing for patients from the District of Columbia, that the one thing to consider was the good of the patients. There seem to be several different schools of thought and several different opinions as to where it should be and I suggested to the Secretary of Interior that he should get two or three people from outside the District to give us a very quick survey and report on it. I suggested two or three names of very eminent specialists in tuberculosis to come down and look over the situation.

Q Can you mention those names?

THE PRESIDENT: I suggested Dr. Brown up at Saranac.

Q Do you know his first name?

MR. EARLY: Dr. Lawrason Brown.

THE PRESIDENT: I do not know whether he could come down or not, but somebody of that type.

Q Have you a successor for Governor Black yet?

THE PRESIDENT: He is going to lunch with me to beg to be allowed to go home again. I have kept him going, just babying him along, kidding him, and he is still here.

Q Mr. President, I understand you are going to be surprised by the receipt of three grains (kernels) of corn today from Fort Erie. Are you going up?

THE PRESIDENT: No, I cannot go. They are coming in with the three grains.

Q Mr. President, to go back to the drought, there have been a great many stories to the effect that this organization which is under Hopkins and also Secretary Wallace, has been pretty much working with the two departments, the Emergency Relief and the AAA. Have you any intention of setting up a separate outfit?

THE PRESIDENT: No, they are working very well together.

Of course, there is one thing I did not mention before on the drought thing that also has to be watched. That is the speculative end of things. I think it is fair for you to assume that the operations on the produce markets, the grain exchanges, are being watched. There is a good deal of information coming in to show that a lot of what might be called pure speculators -- pure is not a very good adjective -- have transferred their operations from stocks to grain. We all remember what happened a year ago in July, when a very small number of men as, for instance, the dentist from Louisiana ran a 40 or 50 thousand dollar shoestring on the Chicago Grain Exchange

up to about 20 million bushels of various kinds of grain. He and half a dozen other very large speculators forced the price of wheat at that time, just as an example, up to $1.25 which was absolutely out of line with the economic wheat situation and then, of course, there was a perfectly terrific smash after that and it dropped in one or two days from $1.20 to $.95, wiping all those fellows out. That, of course, very definitely hurt the farmer who was producing grain and selling it at that time. We have a good deal of authority over Produce and Grain Exchanges and we want to avoid that kind of speculation in grain by people who would not know wheat from rye if they saw it in a field. And, just in the same way, we want to avoid speculation in food supplies after processing.

Q Who would handle that general surveillance work?

THE PRESIDENT: Agriculture.

Q Just the Agriculture Department?

THE PRESIDENT: Yes.

Q On the Cuban trade agreement, are you going to give that back to the State Department with your approval? Can you tell us when?

THE PRESIDENT: It won't come to me for approval.

Q It will not come to you for approval until it gets to the final form?

THE PRESIDENT: This memo is just to keep me in touch.

Q Have you had time to study the Russian debt situation?

THE PRESIDENT: I have not had time to talk about it at all.

Q Do you expect to go into that?

THE PRESIDENT: I suppose so. Of course all of these people are coming in to see me, have come in to see me in the last three days more to bring me up to date than anything else.

Q Anything from Secretary Hull on the status of the debt?

THE PRESIDENT: The general debt situation?

Q No, Russian?

THE PRESIDENT: No, not yet.

Q On the drought, could you comment at all on the effect of the drought on the agricultural control?

THE PRESIDENT: Only to comment in this way, that it does not affect the thing at all, one way or the other, but the point of view of the principle. It does not affect the principle. It is a perfectly simple, practical policy that was adopted a year and a half ago, at the previous Session, based on the thought that, taking wheat as an example, if we produce in excess of 25 per cent in this country of wheat over our needs, obviously one of two things will happen: If it stays in this country it will hang over the market, as a huge surplus, which will keep the price of wheat away down. If it goes out of the country, the price of wheat in this country will be exactly what the world price is, no greater and no less. Taking wheat again as an example, if we reduce the excess surplus -- of course we have got to have a small surplus always -- if you can reduce it to the point where the world market will not be the only controlling factor, undoubtedly the domestic prices will go up.

And, of course, that did happen before the drought. In other words, last March -- nobody could foresee the drought at that time -- the price of wheat had gone up very, very materially in this country and was, because of the control of the surplus, substantially above the world market, somewhere around 20 or 25 cents above the world market. Now that price presupposes -- I am going back to the pre-

drought period -- that we would keep this surplus down to a reasonable point, that we would try to maintain a reasonable surplus and prevent it from getting us back in the future to a point where wheat would be forced down again to 30 cents a bushel.

Actually, the drought has had the result of reducing the excess surplus in one year instead of perhaps two years or three years. So we go on at this time with the normal development of the policy which otherwise would not have gone into effect until a year or two years from now. In other words, there is no change in the plan even though that puts some people out on a limb. (Laughter)

Q Mr. President, has there been any further thought about the Government granaries for establishing a yearly surplus?

THE PRESIDENT: On that again, we have to consider the control of the surplus one year earlier than we would have had to otherwise. What the actual machinery will be I don't know. We haven't got to it yet. But, undoubtedly, we will have to work out some kind of machinery that will prevent the speculative use of the normal and reasonable surplus, so that Mr. Cutten won't be able to -- leave out his name -- so that Mr. X won't be able to corner the wheat market and so that there will be a controllable, reasonable surplus big enough to prevent starvation and, at the same time, not so big that it can force down American prices the way it has in the past.

There is literally nothing new on this thing at all. It is all old stuff. The drought has merely pushed up the next step by one year or possibly two years.

Q To set up any machinery as that, such as, just for example, the ever-normal granary, would that take any additional legislation?

THE PRESIDENT: I don't know; I haven't studied it enough to know.

Q Mr. President, have you had time to hear anything about the administration of the Jones-Costigan Sugar Bill? There seems to be some difficulty, particularly with Hawaii and Puerto Rico. Hawaii seems to think that as a result of your visit there they are likely to get an increase in their quota.

THE PRESIDENT: In the Hawaii case there will be no change in the quota. They are taking in this year about four million dollars more than they took in last year. In the case of Puerto Rico, that came up late yesterday afternoon. We will probably get action on it today.

The only other thing I have heard is the demand from some of the refineries that under the Act the differential on Cuban refined be greatly increased -- no, I am wrong on that -- that the amount of the differential be greatly decreased so as to allow more sugar to be refined in this country than has been in the past. That comes under the Cuban Treaty.

Q Anything new on Silver?

THE PRESIDENT: No, I don't think so. I might just as well tell you a secret on silver. I have had three or four telegrams and four or five people come in to congratulate me on the marvelous timing of the Green Bay speech and the nationalization of silver, that it was within three minutes the two appeared on the Stock Exchange ticker. The actual story was this: If anybody had read the law they would have known exactly what was going to happen two months beforehand. The law provided that we were to go ahead and buy silver with the ultimate objective of getting 25 per cent of silver and 75 per cent of gold as bullion reserves. We started in to carry out that law in good faith and bought a good deal of silver. Before I went away,

about a week before, I had a talk with the Secretary of the Treasury and others and it was obvious that if we were going to buy silver on a fairly good scale the price would go up, the world price. Now, the law also says that the silver in this country which is speculatively held, somewhere around 200 to 250 million ounces, can be bought by us at 50 cents an ounce if we are going to take it over. Now, suppose the world price of silver goes to 55 cents an ounce. We would be in the position of offering less than the public market for all of that silver. Therefore, we must make provision to take over the American stocks of silver before silver reaches 50 cents an ounce.

Before I went away I signed all the papers, a complete set of papers, which were to go into effect merely by sending me a radio if I had been on the boat or a telegram if I had been on the train, saying that silver has gone to 49 3/4 cents an ounce, "Do you authorize your orders going into effect?" All that was done before I left and the price set was 49 3/4 cents an ounce. Silver struck that the morning of the Green Bay speech. That was the careful timing.

Q Can you explain, Mr. President, why on June 14, five days prior to the silver purchase act going into effect, there was an authorization to Mr. Morgenthau to coin up all the silver he had on hand? Why was it June 14?

THE PRESIDENT: I don't know why. I think he came in and said to me, "You know, I have discovered we have a lot of silver on hand, 100 million ounces or something like that. We have never issued currency against it." I said, "Why didn't we?" He said, "It just accumulated and everybody forgot about it." I said, "Go ahead and issue currency against it."

Q Did you have the silver purchase act in mind?

THE PRESIDENT: I think it was absolutely coincident in this case that he discovered the silver lying around loose.

Q Is there a plan to remove the duty on Canadian hay?

THE PRESIDENT: I don't know; I cannot answer that question today. Do you mean buying Government hay in Canada? Now, whether that means removal of the duty or not I don't know, but I don't think there is an intention of removing the duty for other people, other than the Government.

Q Would an extension of that plan perhaps affect other commodities later on?

THE PRESIDENT: I don't know. I have not considered it.

Q What will you do with the three grains of corn which are being presented to you when you get them?

THE PRESIDENT: I will give them to the cook. (Laughter)

Q When do you expect to go to Hyde Park?

THE PRESIDENT: I don't know. I will probably go a week from tonight.

Q Anything on NRA?

THE PRESIDENT: I don't know; not yet.

(The Press Conference adjourned at 11.10 A. M.)

CONFIDENTIAL
Press Conference #136,
Executive Offices of the White House,
August 17, 1934, 4.15 P. M.

THE PRESIDENT: I do not think there is a blessed bit of news.

Q Any news in our department (referring to the District of Columbia)?

THE PRESIDENT: There was a piece of news -- I do not know if it is ready to announce yet, it ought to be -- about your Engineer Commissioner, Colonel Dan Sultan.

Q That is Colonel?

THE PRESIDENT: Colonel -- I think it is Colonel.

Q What is the status of the trade negotiations with Cuba?

THE PRESIDENT: I do not know at the precise moment but I hope within a week or ten days to have something.

Q Can you tell us anything about the Cabinet meeting this afternoon?

THE PRESIDENT: Nothing happened; just received about a dozen different items -- no particular item -- just discussed a great many things that we have not talked about for a long time.

Q Anything definite on reports that the Government or the RFC may take over a number of railroads, including the Southern Pacific and the Denver and Rio Grande?

THE PRESIDENT: Sounds like a ghost story; I never heard of it. Why should we?

Q They are going into complete receivership.

THE PRESIDENT: Are they as badly off as that? I had not heard at all.

Q Anything new on the drought?

THE PRESIDENT: No. They had some rains in Missouri yesterday.

Q Are you going to be in town over the week end?

THE PRESIDENT: I think I will go down on the yacht.

Q On the SEQUOIA?

THE PRESIDENT: On the SEQUOIA. I am going back to the old days.

Q Can you tell us anything about the textile strike? The labor leaders say you are the only one to prevent it.

THE PRESIDENT: I do not think we are ready to talk about it at all. I think I should say this -- off the record, because we cannot print anything from this end, we don't know enough about it yet -- it is one of those things not sufficiently clear to say yet. There are certain what might be called inter-union political troubles there and it is complicated by the old differences between the northern textile people and the southern textile people and we are very hopeful that the thing is going to be worked out. The thing has not crystalized yet so that you can characterize it or define it in any one way.

Q Any further monetary plan, Mr. President?

THE PRESIDENT: Well, let us see -- you mean in September, 1935, we are going to do this, that or the other thing? Or something immediate?

Q A little more in the present.

Q Does that mean something in September, 1935?

THE PRESIDENT: Pick your own date, Stevie (Mr. Stephenson), it is all right.

Q That textile strike was off the record?

THE PRESIDENT: Yes, off the record, because, frankly, we do not know enough about all the internal complications to comment on it in any way at this time and there are a lot of internal complications. We do not know what they are after, in the first place. We do not know the demands.

Q Have you anything to say as to what your intentions are with respect to the carrying out of the new National Labor Relations Board attacks

on other Government agencies, particularly with reference to the Chicago Motor Bus case, where the Board (the National Labor Relations Board) made a ruling and asked that the Blue Eagle be removed and the NRA has failed to act? The NRA is seeking, according to General Johnson, to make an investigation of its own.

THE PRESIDENT: I haven't the faintest idea how to reply to that. I do not know anything about it at all. I will have to ask about it. What is the particular case?

Q The Chicago Motor Coach case. The Company refused to appear before the Regional Labor Board. The Regional Labor Board ruled against the Company and that ruling was afterwards reviewed by the whole (National Labor Relations) Board. There has been handed down (by the National Labor Relations Board) a final ruling (against the Company) and they referred the thing to the NRA Compliance Board for action. This was two weeks ago. General Johnson said he is going to propose, or has proposed, that they send an investigator out there and make a study in the field. The Board maintains that General Johnson has no authority to review its findings. The Board cannot force the Company to take action but the NRA can remove its Blue Eagle.

THE PRESIDENT: What is the name of the company?

Q The Chicago Motor Coach Company which operates about 150 miles of bus lines in the City of Chicago. The Board found that they had discharged some twenty workers for union activity.

THE PRESIDENT: I am taking this down and will look into it.

Q In recent months there have been some thoughts expressed in certain quarters about the Civil Service system.

THE PRESIDENT: What about it?

Q These quarters have expressed concern over what they call the gradual

increase in the blanketing in of the Soldiers Home attendants down there.

THE PRESIDENT: Well, on that specific case of Johnson City -- there is no point in talking about it as a general situation -- as I remember it, and this recollection goes back a couple of months, a very large percentage of the employees in that Veterans' Home had never taken any examination. Probably the great majority are perfectly competent but they had never taken any Civil Service examination and, therefore, they had been covered in by Executive Order. The question of politics does not come in; I do not know whether they are Republicans or Democrats or anything else. It was simply that they had never gone into Civil Service in the regular way. The Johnson City Order provided that all of those people and anybody else were to take an examination and if they pass it, they will continue in the employment. I think that cannot be considered as weakening the Civil Service; I should call it strengthening the principle of Civil Service.

Q There have been a lot of inconsistent views expressed about political activity (by Government employees). The Home Owners' Loan Corporation ordered their employees to refrain but two or three other departments have announced that they do not intend to and do not see any need.

THE PRESIDENT: Which ones?

Q A couple have said that they do not contemplate and do not see any need.

THE PRESIDENT: Which ones?

Q AAA and NRA have issued no policy as far as --

THE PRESIDENT: (interposing) I don't see why they should not go along.

Q -- and Ickes said he was not going to issue any instructions.

THE PRESIDENT: The general policy is that they are not supposed to engage

in political activities and the same rule would apply to all Government employees.

Q At the Wednesday Conference I believe you told us that you had not heard the results of the Tuesday primaries. Have you -- (Laughter)

THE PRESIDENT: What primaries?

Q Last Tuesday's, in Nebraska and Ohio.

THE PRESIDENT: Oh, did they have primaries there? You will have to tell me about it afterwards.

Q It is my recollection that Colonel Sultan was Engineer Officer at Chicago. Has there been any replacement there?

THE PRESIDENT: I do not think so; only decided on it yesterday afternoon, late.

Q What color do you want this tweed suit to be?

THE PRESIDENT: I think an inoffensive gray, one of those drab colors.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #137,
Executive Offices of the White House,
August 24, 1934.

Q Have you any plans for fall?

Q Anything you can say on the formation of the American Liberty League? Anything to say about it?

THE PRESIDENT: The only thing I can do is to talk to you informally the way I told you on the train that I was going to do. Naturally, I have no formal statement. In anticipating another of Fred's (Storm) questions, "Did Jouett Shouse speak to me about it?" -- he did and he came in here and pulled a piece of paper out of his pocket and read me the two objectives which I think all the papers have printed, and I told him that both of the objectives could be subscribed to by every American citizen; that they were what might be called axiomatic, [wn -] equivocally acceptable to all Americans, and when he asked me whether there were any objections to the formation of the private organization, I said of course not, it is none of my business and I wouldn't have any objections anyway to a private work which had as its principles working for axiomatic principles of American life. Well, that's about all that happened. He said, "Thank you very much" and went out. So that is literally all that happened when Jouett came in.

Next, Fred?

Q Then you are for the Constitution?

THE PRESIDENT: I won't say "still" because somebody will say that was too passive, I'll say "actively." Of course, again talking just between us, really I suppose you can use this for background, the

thing to note about an organization of this kind -- of course there are a great many of them, with all kinds of names -- you will find in history organizations of this kind that are fraternal and semi-religious, and everything else. Personally, my own feeling is this: that when you come down to the definition of American principles you want to go the whole hog; you want to go all the way, instead of stopping short. An organization that only advocates two or three out of the Ten Commandments, may be a perfectly good organization in the sense that you couldn't object to the two or three out of the Ten Commandments, but that it would have certain shortcomings in having failed to advocate the other seven or eight Commandments. To put it again in a Biblical way, it has been said that there are two great Commandments -- one is to love God, and the other to love your neighbor. A gentleman with a rather ribald sense of humor suggested that the two particular tenets of this new organization say you shall love God and then forget your neighbor, and he also raised the question as to whether the other name for their God was not "property." Now as a matter of fact these two things are worth reading. One is that the organization will designate officials that will teach the necessity of respect for the rights of persons and property as fundamental to every successful form of government, and will teach that government to encourage enterprise.

Going back again, there isn't much said about your neighbor, and if you analyze certain things in the Declaration of Independence which helped opportunity -- life, liberty and the pursuit of happiness -- there are quite a number of other things that the

average, and more than average human, gets out of government besides these two things. There is no mention made here in these two things about the concern of the community, in other words the Government, to try to make it possible for people who are willing to work, to find work to do. For people who want to keep themselves from starvation, keep a roof over their heads, lead decent lives, have proper educational standards, those are the concerns of government, besides these two points, and another thing which isn't mentioned, and that is the protection of the life and the liberty of the individual against elements in the community that seek to enrich or advance themselves at the expense of their fellow-citizens. They have just as much right to protection by government as anybody else. I don't believe that any further comment is necessary after this, what would you call it -- a homily? Except that in The Times this morning -- I lay in bed and laughed for ten minutes -- if you will turn to the financial page of The Times, "Topics In Wall Street"; that has a short paragraph -- one that appealed to me. Darned good too, most of them, because they give you a real highlight on what's going on, and there was one paragraph that started off like this -- I forget the exact phraseology -- "The speculative fraternity in Wall Street regards the new American Liberty League as a direct answer from Heaven to their prayer."

Q Do you subscribe to the view of Secretary Ickes that this will draw lines pretty sharply between liberals and reactionaries?

THE PRESIDENT: I don't want to say anything about it.

Q Did Mr. Shouse invite you to become a member?

THE PRESIDENT: I don't think he did. Must have been an oversight.

Q Senator Schall made a speech last night in which he said that there were indications that the Administration was thinking of setting up its own press services and that the U.P., A.P., and I.N.S. are going to be scrapped in favor of this governmental agency?

THE PRESIDENT: I will have to tell you that I was so much interested in that statement and so utterly opposed to putting the U.P., A.P., and I.N.S. out of business that I sent word to Senator Schall asking for his information, because a thing like that ought to be run down and stopped right away. Of course he must have had definite and certain information on which to base a statement of that kind.

Q Did you talk with General Johnson today? Have you anything to say about N.R.A. organization?

THE PRESIDENT: No, we are just going ahead. Of course on N.R.A., if I were writing a story I didn't think could be overdrawn -- at this time the actual situation, if you want me to orate -- the actual situation is this: The National Recovery Act, as I remember it, lapses -- goes out of existence, I think -- in June next. I think, obviously, before then, we have to get some kind of legislation if any portion of it, or portions of it, are to be made permanent -- and obviously a great many portions of it will be made permanent -- just to take some one controversial thing, for instance child labor, minimum hours, certain provisions relating to unfair practices -- but between now and January we have got to decide to work up a decision, or come to a decision, as to what legislation will be asked in Congress, and I think about all that can be said today is that we are in a position, and will be for

the next two or three months, of studying what kind of recommendation will be made to the Congress. And General Johnson is working on that Triple A. There are several dozen people who are all giving a certain amount of consideration to that problem. And in the meantime N.R.A. per se -- we have already lifted certain features out of it, like National Labor Relations -- will probably continue to function. Probably General Johnson, who is off on a holiday now, will devote most of his time to it, but not to the actual details of administration, but will certainly continue as Administrator of National Recovery. In other words, we are beginning to look for a proposal to come up next winter in Congress and we are getting ready to meet it before it comes.

Q Is price fixing one of those questions still to be determined?

THE PRESIDENT: Oh my, yes.

Q Has anything been discussed about the possibility of recommended changes in anti-trust laws?

THE PRESIDENT: No, we haven't got to it -- the question of the relationship between price fixing and the anti-trust laws are all being worked on and at the present time we haven't got to any point. If I were writing your story I wouldn't say anything except that we are working on it and would not even give a suggestion as to any determination on it.

Q Do you know anything about what General Johnson referred to as a plan you would have ready to announce in about two weeks at Hyde Park?

THE PRESIDENT: That would be so that in the interim we would have administrative handling of N.R.A. problems.

Q Will you tell us when you will proclaim the Cuban Treaty?

THE PRESIDENT: This afternoon about five o'clock -- they told me that this morning -- does anybody know?

MR. EARLY: That's correct.

Q Will you proclaim it immediately afterwards -- you have to make it effective?

THE PRESIDENT: I suppose so -- I don't know, nobody mentioned it.

Q It was slipped to us for of course there is a lot of talk about what is and isn't going to be done.

THE PRESIDENT: I don't know. I haven't heard about it. I think it was a story to Stevie of the A.P.'s credit, one of those Timbuktu stories, that ..... was going to come out immediately and have the government taken over.

Q Have you conferred with Mr. Frederick H. Prince in that connection?

THE PRESIDENT: No, I thought he was busy racing.

Q Getting back to N.R.A., do you have anything to say now about this "interim" organization?

THE PRESIDENT: No, of course we have been talking about it for two weeks or more.

Q May I get back to the Constitution for a moment. Have you given any thought to the possible connection between conditions in the State of Louisiana today and certain clauses in the Constitution which make it mandatory on the Federal Government to maintain a republican form of government in every state?

THE PRESIDENT: That's a new one -- of course there again on this Louisiana situation, obviously we want to maintain a republican form of government, but at the same time, under the republican

form of government, a municipality is definitely a creature of a state government. Now a state government -- for instance, when I was Governor of New York when New York City's finances were getting into such a jam, there were a lot of very hoity-toity Senators who were strict constitutionalists, who came to me and said, "Take over the government of the City of New York," because all of their city bonds were in jeopardy. I met prominent businessmen and lawyers from New York City who wanted me as Governor to take over the City of New York, but I had to tell them I couldn't do it. I told them, however, that the Legislature of the State of New York, having been the body which granted the charter to the City of New York, had the right to take away the charter from the City of New York and set up any form of municipal government that the Legislature thought should apply to that municipality. In this Louisiana case the Legislature of the State of Louisiana has the inherent, constitutional right to govern a municipality within that State as it sees fit, provided it does not violate the right of franchise and certain rights of self-government. That is about as far as you can go.

Q Are you satisfied they have not violated those certain rights?

THE PRESIDENT: They haven't done it up until today.

Q You are satisfied then that there is a republican form of government?

THE PRESIDENT: In the City of New Orleans?

Q No, in the State.

THE PRESIDENT: I should say that if there was a free franchise in the State of Louisiana, the questions would come up as to whether a

free franchise was being exercised or not, and we haven't gotten to that yet. Here's a nice point. Let me ask you a question: Is it a republican form of government for the State of Rhode Island to confine the franchise only to people who have a certain amount of property?

Q They had a revision of that one time.

THE PRESIDENT: That's a nice question -- there is a very restrictive franchise in the State of Rhode Island today.

Q In other words the clause is all wide open.

THE PRESIDENT: No.

Q Do you have any comment to make on threatened textile strikes?

THE PRESIDENT: I haven't heard anything about it in the last couple of days. There is only one other thing, for the benefit of the Hearst papers, and there may be others which may copy the idea. I horrified the Secretary of Agriculture coming back on the train, by suddenly announcing out of a clear blue sky, that I was very glad that he had said what he did about the theory, the economic theory of foreign ships carrying some American goods. If you will read his letter, it is a rather interesting thing, and shows why it is necessary to always give the whole story instead of part of the story. Representative Bland wrote him a letter in June and he answered it about July fifteenth, and in effect he said that while there were many considerations, such as national defense, etc., in regard to our Merchant Marine, one should also at the same time consider certain other things, which were not always considered. And in effect what he said was absolutely true from the point of view of economics. One reason why American manufac-

turers and American farmers can't sell more goods to other countries is because other countries can't buy. It is obvious if they could pay they could buy more. If other countries were able to pay a portion of that cost in the form of services, they could buy more American goods. There is apparently no question that if every time our American exports were carried on foreign ships foreigners could buy more American exports. But that is only one side. Hearst papers take notice. There are other factors to which the Secretary of Agriculture referred. He didn't outline them but they are very simple. There are three other factors they forgot to counterbalance against the facts he mentioned. One is the fact that from the point of view of national defense we obviously need a certain number of American merchantmen which could be used for national defense in time of war. That's perfectly clear. Number two, in the event of a war in which we were not a party, let us say, a general European war or a Far Eastern War, foreign shipping might be finally eliminated because of that war and then we would have no bottoms to carry our American goods and we would be out of luck. So that is another case of the necessity for having American ships. And there is a third factor: We know that when we didn't have American ships on certain runs in certain lanes of world trade, foreign ships and foreign shipowners have had an unfortunate tenacity in getting together and squeezing American exporters on rates. In other words, in having control of the ships and using it against American trade, and in favor of their own trade, you have a third insurance factor that makes it necessary for us to have an American Merchant Marine, and all the Secretary of Agriculture did was

to call attention to the obvious economic factor on the other side of the insurance question; that the more we make it impossible for foreign ships to carry some of our goods, the more difficult it makes it for them to buy our goods. There is the whole story, not just a part of it. And if the whole story is written the answers are perfectly obvious.

Q Now that Hopkins is back will you have a conference with him on the Pennsylvania relief situation before you go to Hyde Park?

THE PRESIDENT: I am going to see him tomorrow, but I don't believe Harry knows anything about the Pennsylvania situation.

Q Have you had any recent indications what is to be done up there?

THE PRESIDENT: Two weeks, or about a week ago, I was told by Aubrey Williams that Pennsylvania would be asked by the Federal Government to do its share, which they are not doing at the present time, and the only way out is to call an extra session. We are in favor of an extra session.

NOTE:

In keeping a numerical record of the Press Conferences, the reporter allowed for three Press Conferences which he had been informed were held during his absence on a brief vacation. Actually, however, only one Press Conference (No. 137) had been held during that period. Unfortunately, this error was not discovered until after some two hundred subsequent Press Conferences had been held and it was therefore decided to skip Nos. 138 and 139.

CONFIDENTIAL
Press Conference #140,
Held in the President's Study at Hyde Park, N. Y.,
August 29, 1934, 11.15 A. M.

THE PRESIDENT: I do not think I could even invent news and that is saying a lot. Somebody wrote a new song (referring to the stack of papers in front of him); somebody had a Golden Wedding; somebody was 102 years old. That is all.

Q We can't use any of it.

THE PRESIDENT: Several towns had One Hundredth Anniversaries.

Q Can you comment on Henry Morgenthau's statement?

THE PRESIDENT: I have not read it.

Q He announced last night that this $2,800,000,000 of gold profit would ultimately be used to curtail the public debt.

THE PRESIDENT: That is a hope, isn't it?

Q He said it wasn't; he made it very definite. What is worrying most people, but is the only way to do it, is to turn it into currency in exchange for Government securities, which would mean increasing the Budget $5,000,000,000. to $7,800,000,000. which would be a very real inflation and which would serve at once to make the dollar worth only about sixty cents in this country.

THE PRESIDENT: Say, he is good, you know!

Q He rehearsed that before the mirror.

Q Give us that again. (Laughter)

(Mrs. Roosevelt entered the room at this point.)

THE PRESIDENT: How are you? How is Sis?

MRS. ROOSEVELT: She is fine. We had dinner together and I put her on the train.

THE PRESIDENT: It is too early but Henry (Secretary Morgenthau) did, I think, use the word "ultimately."

Q We ought to get the paper.

THE PRESIDENT: Just between us, if I make a speech and say I am going to do something ultimately, what does it convey to you? It means some unannounced time pretty far distant. If I were going to do it tomorrow, I would not say "ultimately." Well, that is about the size of it. In other words, it is just another of those things where I suppose he is perfectly correct in saying "ultimately" that money will be used. It is there. It is -- I do not know what the word for it is -- it is a nest egg. Ultimately, one uses one's nest egg. I think that is about all that one can say about it.

Q Mr. President, have you any comment this morning on the textile situation?

THE PRESIDENT: No, anything I say would be purely speculative.

Q At this meeting where they adopted this resolution the day before yesterday in connection with your Order 23, at that time they appointed one man who was supposed to convey all that to you and it was not quite clear whether that was going to be by telegram or whether he would come up to see you.

THE PRESIDENT: I do not think so. I have not had anybody ask to see me.

Q You haven't had any requests?

THE PRESIDENT: Have we, Mac (Mr. McIntyre)?

MR. McINTYRE: No, sir.

Q There was a story appearing in the Washington papers, I think it was Monday, that General Johnson put a letter of resignation on your desk. Is there anything?

THE PRESIDENT: I think he said something, didn't he?

Q He said, "I have not resigned."

THE PRESIDENT: Well, I haven't anything further to say than what he said.

Q He did not categorically say that he had not made an attempt to resign at one time or another, did he?

THE PRESIDENT: Well, he made a statement. I guess it was all right.

Q How are you enjoying it up here?

THE PRESIDENT: Fine. I have not started to work yet.

Q Neither have we.

Q We have got you working hard in the daily press.

THE PRESIDENT: I forget who is coming to lunch.

Q Norman Davis.

THE PRESIDENT: Right, in fact he is coming at 12.00 o'clock and then this afternoon Felix Frankfurter and his wife are coming to spend the night. I have not seen him for nearly a year.

Q What had we better make him?

THE PRESIDENT: It will be an awful shock to Mark Sullivan and others that I have not seen Felix for nearly a year.

Q He saw you at Groton?

THE PRESIDENT: Is that it? Well, that was in September; it was early. Oh, no, you are thinking about the campaign and that was 1932. I saw him up here last September before he went to spend his college (sabbatical) year on the other side.

Q We are putting him on the Supreme Court this afternoon.

THE PRESIDENT: I suppose that probably Felix and his wife will talk mostly about things on the other side.

Q What school? It is not Cambridge or Oxford?

THE PRESIDENT: He was exchange professor at Oxford for a year and now he is going back, I take it -- I have not heard anything to the contrary -- to Harvard Law School and I take it he will tell me much about things on the other side. I do not think he knows much about things on this side. That is literally all I could write about it.

Q Davis will do the same thing?

THE PRESIDENT: Yes; I have not seen him since he got back.

Q There were always rumors about Woodin resigning. Are you going to get out a statement to reassure people about something?

THE PRESIDENT: About what, Russell (Mr. Young)?

Q (Mr. Young) About confidence. (Laughter)

THE PRESIDENT: I think the best thing to do on that will be to get hold of Bill Dewart and Mrs. Ogden Reed and get them up to lunch and give them a lot of personal reassurances.

Q Mr. President, please let us not get personal. (Laughter)

THE PRESIDENT: That was off the record.

Q Have you invited them to lunch?

THE PRESIDENT: If you get me a list of names of the people that want these reassurances, we will have a picnic for them.

Q How about Henry Fletcher (Chairman of the Republican National Committee)?

THE PRESIDENT: People outside of the political arena.

MRS. ROOSEVELT: Would you serve frankfurters? (Laughter)

THE PRESIDENT: Yes.

Q In place of the Count (Rudolph de Zapp), may I ask you whether the matter of the new (Public) Health Officer (for the District of Columbia) has been brought to your attention?

THE PRESIDENT: I never heard of it. I did not know there was a vacancy.

Q I think the Commissioners (of the District of Columbia) make the appointment.

THE PRESIDENT: I think they do. Who do they generally appoint?

Q I think they pick out some local doctor.

Q Mr. President, I wasn't quite clear about the cotton garment situation -- what you said a few minutes ago.

THE PRESIDENT: There isn't any news.

Q That will come before you directly because that is your Executive Order that they are defying?

THE PRESIDENT: I don't know.

Q What is the next step?

THE PRESIDENT: I do not know. Frankly, I do not know what the next step is in either the textile or the garment.

Q Of course, if they go ahead and refuse to abide by that Order, there must be some enforcement agency to take up the problem in due time, either an NRA agency or the Department of Justice. I am wondering what machinery --

THE PRESIDENT (interposing): I am wondering too.

Q Are you awaiting the return of General Johnson to get further information on the subject?

THE PRESIDENT: No; nothing to do with it. Frankly, I do not know a thing about it. I just get a few high spots here and there.

Q There were reports from Washington that in order to build up or increase employment during the winter it may mean taking off the restrictions on production and let them increase production and at the same time take measures to increase consumption. Have you heard anything about it?

THE PRESIDENT: No; it is over my head.

Q Is this Garment Code, Executive Order on the garment thing, against which they are protesting, being relaxed in any way?

THE PRESIDENT: I do not know anything about it. If I did I would not tell you but it is true that I do not know anything about it.

(Laughter)

Q Can you tell me anything about the Governor's (Governor Lehman) visit yesterday?

THE PRESIDENT: No, just ordinary conversation, that is all. In other words, even for a speculative story it is too damned early. I would not know what to write. We talked over all sorts of things.

Q He intimated to the boys up in Albany that he discussed with you chiefly his State campaign and things up here (in New York).

THE PRESIDENT: We did not talk campaign at all, not a bit.

Q (Mr. Fred Storm of the U. P.) Make that statement off the record, please.

(Laughter)

Q (Mr. Francis Stephenson of the A. P.) I can deny your story.

THE PRESIDENT: We will make that off the record. Really, Herbert (Governor Lehman) and I talked about a whole lot of things but it was just conversation, mostly at the table with the family there.

Q Have you any comment to make on the outcome of the California primary?

THE PRESIDENT: No -- no more than on any other primary -- that should be added to it.

Q Anything of special interest in Dr. Pearson's (Professor Alfred J. Pearson) visit here?

THE PRESIDENT: No. The only reason that most of these people come -- just for information and not for quotation or anything like that -- is that people tell me about people who have just come back from the

other side. I had never heard about this man before and somebody said that he was an extraordinarily interesting man and it would be worth my while to see him when he came back. He came back and told me the same thing he told you. He is tremendously interested in Sweden.

Q I think it is going to be in his new book.

THE PRESIDENT: New book, probably. (Laughter)

Q What did you say about never having heard of him before? (Laughter)

THE PRESIDENT: A lot of people coming to Hyde Park are people who have been on the list for two or three months as having been highly recommended as being interesting people. Now we are cleaning up on them, going over the old lists. They are people we said we would see a long time ago. It would not be polite to send them a cordial invitation and say that we have never heard of them before.

Q Just use that as background?

MRS. ROOSEVELT: The Press is beginning to believe that Dr. Pearson enjoyed his visit more than you did.

THE PRESIDENT: He was very interesting. He told me all about his visit to Hitler.

Q And Russia?

THE PRESIDENT: Yes.

Q For public use, are you going to the Fair (the County Fair at Rhinebeck) tomorrow?

THE PRESIDENT: This afternoon or tomorrow, I don't know which yet.

MR. McINTYRE: That isn't for publication.

THE PRESIDENT: There again, the Fair has been trying to advertise for their receipts that I would get there on a certain afternoon and I refuse to be advertised.

Q It has been publicly advertised that you will be there today or tomorrow.

Q They (referring to two of the reporters) were "taken" on the Midway. They are city slickers.

THE PRESIDENT: Did you ever see that game where they have a little shell that goes over -- (Laughter)

Q (Mr. Roddan, interposing) It wasn't that; it was a black and red wheel and it would never stop on the one you bet it was going to stop on.

THE PRESIDENT: Of course, I am very anxious to have this Dutchess County Fair of ours put on a paying basis so I hope you will all go and see all the exhibits.

MR. McINTYRE: Mr. President, with respect to your remarks about the little shell game, Charlie Hurd says that we have seen it played without shells in some of these Press Conferences. (Laughter)

Q I wonder if you would add anything more about Dutchess County for the local newspapers? I just noticed that Jim Townsend --

THE PRESIDENT (interposing): There again, I have not seen Jim since I do not know when -- last fall.

Q There is a water project down in the town of Hyde Park?

THE PRESIDENT: I heard about it yesterday from Henry Hackett and have not heard about it any more.

Q I thought probably you might be interested; you are a taxpayer of course.

Q (Mr. Roddan) Is he paid up?

THE PRESIDENT: I do not know enough about it to comment on it. I haven't any idea of the details.

Q Did you know that you were pretty nearly blacklisted and posted up at the Press Club?

THE PRESIDENT: Didn't I pay my dues?

Q You did finally. (Laughter)

THE PRESIDENT: They were damned lucky to get paid at all.

MR. McINTYRE: Missy (Miss LeHand) rushed a check over to them.

Q Are we going to see Norman Davis?

MR. McINTYRE: I imagine he will stop off at the Hotel (The Nelson House) on his way down.

THE PRESIDENT: Now I will tell you why not: He stopped down last time at the Nelson House and believe me -- (interrupted by laughter). I think he is going right back to Stockbridge.

Q He has already said almost everything he had to say on the European situation down in Washington, so there is no reason in having him stop.

Q You will be surprised what we can get out of him.

MR. McINTYRE: This is a purely personal visit anyhow.

THE PRESIDENT: This is a purely personal visit.

MR. McINTYRE: Will you let the Secret Service men notify us in advance as to when you are going to the Fair because we have to --

THE PRESIDENT (interposing): I don't think it will be until tomorrow but I don't think it is quite the right thing to use it for advertising.

Q Have the boys arrived?

THE PRESIDENT: Not yet. John (Roosevelt) won't get here until Saturday night and Franklin (Roosevelt) is still so far off on the coast of Maine, cruising, that he cannot get back in time.

MR. McINTYRE: Are your plans definite enough about the yacht races to tell the boys now?

THE PRESIDENT: I will tell you what you can do. You can put it this way, which is strictly true, that if everything is all quiet I may go on the NOURMAHAL on the fourteenth around to Newport and see the races.

Of course I am awfully keen on those races; I have seen a great many in the past. I will then come back here. It is only a matter of three or four days but it is purely tentative because, as you know, when I came up here the question of plans was absolutely open. I might go back to Washington -- any one of a dozen different things.

Q Would you get on the NOURMAHAL here?

THE PRESIDENT: Yes.

Q They are betting six to five on the ENDEAVOR this morning.

THE PRESIDENT: So I see. They must have seen her sail alongside the old boat.

Q Have you a destroyer for us?

MR. McINTYRE: Would there be any objection to going aboard the destroyer to see the races?

THE PRESIDENT: I think it is all right to keep it within our own group. I think if I do go around it is a devil of a trip to make you take. The best thing would be for you to go to Newport from here, motor over and, if you cannot get accommodations in Newport, then just get them in Jamestown.

MR. McINTYRE: We are also trying to borrow a yacht. It won't be as big as the NOURMAHAL.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #141,
In the Study of the President's Home at
Hyde Park, N. Y.,
September 5, 1934, 10.50 A. M.

THE PRESIDENT: Where is the Captain? (Referring to the captain of the ball team which had played Lowell Thomas' team at Pawling the Sunday previous.)

Q On the way.

Q We have discovered a way to beat them. We are going to put two left fielders out there with gloves.

Q I will say you have to have gloves.

MR. McINTYRE: The best of that strategy is having Fred (Mr. Storm) in the box. He can't hit.

Q I think we will play Stevie (Mr. Stephenson) on the fence all the time.

THE PRESIDENT: You are certainly good, getting over the fence.

Q (Mr. Stephenson) Wasn't I? And with my eye on the ball all the time. That eighteenth time is what wrecked me.

THE PRESIDENT: There is only one way we can be sure of winning and that's like in the old Harvard -- the Crimson Lampoon games. You never had a keg (of beer) on first; you had to earn that. But we did have a keg on second and one on third.

Q How did you get anybody back to the home plate?

THE PRESIDENT: Oh, we had two kegs there. (Laughter)

Q Speaking of kegs, what did you feed Upton Sinclair?

THE PRESIDENT: Do you know what I fed him? Two long glasses of iced tea.

Q You must have had something in them.

Q He was babbling when he came back (to the Nelson House).

Q Well, he traveled a long way.

Q Mr. President, can you tell us anything more than Sinclair told us yesterday in five thousand well chosen words?

Q He promised that you were going to tell us; that you would tell us what happened here.

THE PRESIDENT: Did he, really?

Q Yes.

THE PRESIDENT: Then he must have had something on the way to Poughkeepsie.

Q There is nothing that you can say about it, Mr. President?

THE PRESIDENT: No.

Q Cannot you discuss the Epic Plan along purely nonpolitical lines?

THE PRESIDENT: No.

I do not think there is any news. I am going to possibly have a story this afternoon. I think I can give you the background on it now so that if the thing does break you will know about it. It is the appointment of one of those special boards of three for the cotton textile. For heaven's sake, do not use the story until I give you the release on it. The Garrison Board which, of course, might be called the Court of Appeals, feels, I think very rightly, that they should not take original jurisdiction over the strike settlements, that it should go to one of the courts of first instance and they recommended that instead of having any question of settlement come before the cotton textile mediation board, of which Robert Bruere is the chairman, that we should carry it out by a special board. There is a provision, you know, in the law for the appointment of a special board. As I remember it, wasn't that San Francisco board one of those special boards? I think it was.

Q Yes, sir.

THE PRESIDENT: Well, this will be exactly the same kind. I have not got the third man yet because I cannot locate him. Two of them will be Governor Winant of New Hampshire and one Mr. Smith of Atlanta.

Q Who is he?

THE PRESIDENT: A prominent attorney and has been the chairman of the Regional Labor Board with very great success. He is a son of old Hoke Smith. This is all subject to release. The third man they could not get so we have to get a third man.

Q Garrison is the chairman?

THE PRESIDENT: This (indicating) is the Labor Relations Board letter: (Reading) "My dear Mr. President:

> "This Board, as you know, has tried through mediation to avert the textile strike. We wish to report the circumstances which brought us into the situation; the steps which we took in endeavoring to avert the strike; and our recommendations for a course of action which we hope may bring about a prompt and just settlement of the controversy.
>
> "One of the duties imposed upon the Board by the Executive Order which created it is a study of the work of industrial relations boards established under the codes. Because of complaints made to us that the machinery for handling violations of section 7 (a) in the cotton textile industry was inadequate, we gave special attention to this matter. During the past month we sought, by conferences with the Cotton Textile National Industrial Relations Board, the Code Authority, members of the Cotton Textile Institute, and officials of the United Textile Workers Union, to establish agreement upon a procedure which would provide more adequate handling of 7 (a) cases in the cotton textile industry. In the course of these discussions it became apparent that no action which our Board might take with respect to these cases would in itself prevent the strike. The Board concluded, therefore, that nothing would be gained by any final action on its part until the strike was either averted or terminated.
>
> "Our inquiries and discussions in connection with the 7 (a) cases merged into the causes of the present strike, one of which is the handling of these cases. These circumstances led us inevitably into the role of mediator, particularly since the offer of the Cotton Textile National Industrial Relations Board to

mediate had been rejected by the Union. This rejection occurred last Friday, August 24, and the Union requested our Board to act. The Board immediately called in the Union Committee and conferred with it throughout the week-end. On Monday the Board dispatched invitations to the Cotton Textile Institute, the Cotton Textile National Industrial Relations Board and the Union Committee to attend a round table conference. On Wednesday the President of the Cotton Textile Institute declined the invitation.

"The Board being unable to bring about a joint conference, which the Board believed held out the only real possibility of averting the strike, separate conferences were held with representatives of the Cotton Textile Institute and the Union. In these conferences the Board made every possible effort to find some formula for avoiding the strike, but without success.

"As a matter of policy we doubt the wisdom of the Board's acting as mediator in this or any other strike situation. Mediation is frequently carried on by the regional labor boards, which are under the jurisdiction of this Board; but it has been our conviction that the purposes of Public Resolution 44 and the Executive Order establishing this Board could best be served if the Board kept itself clear of mediation activities. It is evident that the Public Resolution and the Executive Order intended our Board to serve as a quasi-court for interpreting in terms of particular cases the meaning and intent of section 7 (a).

"As a semi-judicial body it is desirable that we be as far removed as possible from direct participation in controversies over some aspects of which we may at a later date be asked to sit in judgment. The Board ought not to be placed in a position which might hamper respect for its judicial activities and hinder its effectiveness as a body for building up public opinion in support of disinterested interpretations of the law. It is true that under the Public Resolution and the Executive Order the Board is authorized to investigate issues in controversies which are burdening interstate commerce, but in our judgment this power should be exercised sparingly, and rather for the purpose of ascertaining the facts prior to a strike situation, than for the purpose of settling it after it has occurred.

"In deference to the important function which we have been created by you to discharge, we believe that the public interest would best be served by our immediate withdrawal from further mediation efforts in the textile strike. From our knowledge of the situation we are satisfied that mediation looking toward a termination of the strike can best go forward by your creating a special board under Public Resolution 44, with full authority to investigate the causes of the strike and to propose a just basis of settlement.

"We shall be glad to assist such a board in whatever ways seem appropriate and in conformity with the general purposes

which it is our duty under the statute and the Executive Order to discharge.

Respectfully submitted,

Lloyd K. Garrison, Chairman."

Q Is that to be released?

THE PRESIDENT: If you want to carry that letter and the fact that this board will be announced very soon, that is all right.

Q But not to use the names?

THE PRESIDENT: Not the names yet. I have to get all three at the same time and I will probably get the third name this afternoon.

Q Late enough for the morning papers?

Q Early enough for the evening papers? (Laughter)

THE PRESIDENT: That will give you a grand story.

Q In connection with the textile strike, did you have a telegram from Senator Kean, of New Jersey?

MR. McINTYRE: Got it this morning.

THE PRESIDENT: What does the old boy want?

Q I think he has had a tip it was going to be done and he wanted to get in on the band wagon quick. It has all the earmarks.

Q Somebody told him.

THE PRESIDENT: He would not have done it of his own accord.

Q Somebody told him it was going to be done.

Q Is there anything to say about Mayor LaGuardia's visit here?

THE PRESIDENT: No, I don't know what he is going to talk about. I suppose in general it will be about the City financial problems and relief problems.

There is one thing you boys could ask about and get an awfully good story. About three months ago there appeared an editorial in the

London Times which, of course, people over here still regard as the bailiwick of Toryism, and as I remember it, I have filed it away, the editorial ran something like this: That we in England are somewhat surprised, somewhat amazed at the resistance, the objections being offered by certain elements in American industry to Article 7-A, which reads as follows -- and then it quoted Article 7-A which, as you know, is very short. Then it goes on to say, "Our surprise is based on the fact, which every Englishman knows, that its principle has been accepted in England since" -- when was the general strike?

Q 1926.

THE PRESIDENT: " -- since 1926, and the acceptance of the principles of 7-A since that time has prevented any serious labor difficulties in the British Isles, and therefore, perhaps, it is interesting to note that conservative old England has been for so many years several steps ahead of so-called radical young America in its dealing with social problems and labor problems." I wish you (addressing Lord Illiffe, who was attending the Press Conference) could talk to these good people and tell them something about how you have worked out some of your labor problems, except that you are just about three jumps ahead of us.

LORD ILLIFFE: (Joint owner of the London Telegraph and other papers) Of course, labor has had its experiences in England for a very much longer time than it has in the United States, has it not?

THE PRESIDENT: Taking it by and large, yes.

LORD ILLIFFE: We have a responsible union system now but, as you know, we have had very considerable troubles. But I think the same thing is going to apply to the United States. You have unions here that

have only just begun to feel their power and when a man gets power at first he does not know how to use it, but he does after a bit. I am perfectly certain it is going to turn out right in the end.

THE PRESIDENT: Some of our unions are going to work out really well.

LORD ILLIFFE: The result of the general strike in England in 1926, I think, is that it gave unions a greater feeling of responsibility than they felt before. They really thought that it was possible for them to do anything and they did not consider the interest of the Nation as a whole. Before 1926 they played their own hand; after 1926 they realized that they have to consider the general good of the public. In the United States, as soon as they realize that, you will find that the union system works all right.

In these days, when you have organized capital you have to have organized labor, and each side has to realize its responsibility for the public good as a whole.

Q Does England recognize the principle of collective bargaining?

LORD ILLIFFE: Oh, yes; it does.

THE PRESIDENT: Did the bill pass the present House of Commons that was pending away back in June before I went off on my trip? It was a bill which would give the government enforcement authority in the case of agreements which had been made in any particular industry between labor and capital. As I recall it, there was some bill pending of that kind and it was a government measure.

LORD ILLIFFE: I don't remember it. Was it just recently?

THE PRESIDENT: It was in June before I went on my trip.

LORD ILLIFFE: I don't remember that. You mean to enforce agreements that have been arrived at voluntarily between capital and labor, that they should be enforced by government?

THE PRESIDENT: Yes.

LORD ILLIFFE: I don't remember that.

THE PRESIDENT: There was something of that kind. I saw it in a newspaper story. It might not have been entirely accurate.

One thing -- and this is off the record completely, just conversation between us -- thinking people are beginning to realize certain elements in the situation. This brings in California again, but I have to keep it off the record because there is no use talking about things like that out loud.

In the San Francisco strike a lot of people completely lost their heads and telegraphed me, "For God's sake come back; turn the ship around." Stephenson and Roddan and Fred (Storm) would not let me turn the ship around. They insisted on Hawaii. Everybody demanded that I sail into San Francisco Bay, all flags flying and guns double shotted, and end the strike. They went completely off the handle.

Well, I kept in pretty close touch, which I would not admit to the Three Musketeers. It appeared very clear to me that just as soon as there was talk about a general strike, there were probably two elements bringing about that general strike. One was the hot-headed young leaders who had had no experience in organized labor whatsoever and said that the only thing to do was to have a general strike, and, on the other side was this combination out there on the Coast of people like the editor of the Los Angeles Times, for instance, who was praying for a general strike. In other words, there was the old, conservative crowd just hoping that there would be a general strike, being clever enough to know that a general strike always fails. Hence there was a great deal of encouragement for a general strike.

That is why I have to say this off the record because, if you put me in court, I could not prove it from the legal point, but it was there. For instance, this Hearst man operated among some of the newspapers in San Francisco and along the Coast, and they all agreed to work together, all the editors of all the papers, for a general objective, and the objective was to encourage the general strike. That is the fact, as I say, although I could not produce legal proof of it in court. But the fact remains that they did discuss and encourage it among themselves. In other words, they baited the other fellow into it, not by offering him money but by baiting him into it.

The general strike started and immediately the strikers, being young, did the silly thing of saying to the inhabitants, "You cannot eat in that restaurant, but you can eat in that restaurant." Naturally, the public resented it.

Of course they learn by things of that kind. They have got to go through the actual processes, actual examples, and not interference from the Federal Government or the President or the United States troops. People will learn from a certain number of examples. We have to conduct the country and essentially to conduct labor to their responsibility.

LORD ILIFFE: We realized in England that there would be a general strike on before 1926, but, until the thing occurred, we were frightened of it. But I am inclined to agree that no general strike can succeed and that it did a lot towards making the labor element realize its responsibility in Great Britain.

THE PRESIDENT: As a matter of fact, this textile strike, off the record, would not have occurred at all if it had not been for a gentleman named Norman Thomas. He is an idealist but, when it comes down to practiaal

things, he is not there at all. There is nothing. He got up and made a speech in this meeting, a meeting which was completely in hand, well in hand. They were not going to go out on the third of September until he made a speech and then they forced the thing on McMahon and others. It was against their will because these unfortunate textile people in the meeting did not realize what McMahon and the leaders knew, that there was a six-weeks supply of cotton goods on hand, on the shelves, and the people running the factories were perfectly delighted.

LORD ILLIFFE: They wanted their stocks used up?

THE PRESIDENT: Yes.

Q Mr. President, would it be possible for us to use this interview with Lord Illiffe, and bring in the fact that you questioned him a little bit about English labor conditions?

THE PRESIDENT: Submitting it to him first, submitting it to the editor.

I don't know that there is anything pending. I am nearly cleaned up. I was terribly far behind.

Q Mr. President, would you care to make any comment on the decline in Government bonds and the effect on new financing?

THE PRESIDENT: I didn't know that they had any.

Q There are five new lows.

THE PRESIDENT: What did it amount to?

Q Just a little bit below par.

THE PRESIDENT: No, the only comment would have to be off the record. It is regarding the attitude of certain newspapers and therefore I want to make it off the record. But it is an interesting thing, the number of people who have come to me, not in political life or government life at all, and said -- readers of these papers -- "Why are

people trying to destroy the credit of their own Government?" Now, that is the fact. Why are newspapers trying to destroy the credit of their own Government? It is just one of those things. It is a little bit like that front page of the Sun that came out two weeks ago Saturday that I wrote to Will Dewart (N. Y. Sun) about. The average layman, reading that sort of thing, says, "My God, is the Government going to have trouble in financing a small amount of $1,700,000,000 on September 15th and October 15th?" That is the impression he would gain from reading the financial pages and the front pages. And, of course, there is nothing to be done about it. You cannot do anything against it, that would be silly.

Some day I am going to read to you, off the record, my letter to Bill Dewart which he got two weeks ago and to which he has not replied. If I do say so, I think it is good.

Q I should think it would be. (Laughter)

THE PRESIDENT: There is one line which you cannot use because I am going to use it later on, and that was that I would have to amend what I said in my Inaugural Address when I said that the greatest thing that America has to fear is fear itself. I would now say that there is a greater thing that America needs to fear, and that is those who seek to instill fear into the American people.

Q A number of the papers have been carrying stories recently to the effect that the budget would not be balanced.

THE PRESIDENT: Oh, Stevie, (Mr. Stephenson) send this damn' thing down to your office in Washington.

Q (Mr. Stephenson) What date line is that?

THE PRESIDENT: Send it down. $500,000,000 -- this is off the record -- it is an A. P. story that a five hundred million dollar tax bill is

planned. It is an assertion -- a lie. It says that the Administration is to ask new relief from Congress. Paragraph one, lead, "A five hundred million dollar tax bill is one of the chores to be asked of Congress in January." That is a lie. It says that it is also reported to it that they are going to ask for relief and for other purposes. Of course we are going to ask for relief, et cetera. Tell your office in Washington that that is the kind of thing --

Q (Mr. Stephenson) I will take this so you won't see it again. (Laughter)

THE PRESIDENT: Otherwise we are feeling very well this morning.

(The Press Conference adjourned at 11.10 A. M.)

CONFIDENTIAL
Press Conference #142,
In the Study of the President's Home
at Hyde Park, N. Y.,
September 7, 1934, 4.15 P. M.

(Senator McAdoo was present at the Press Conference)

Q He (Senator McAdoo) told us he would tell all.

Q He said he would tell all if he were free to do so but, of course, everybody who ever sees the President is free to do so.

THE PRESIDENT: Then what he said was perfectly true.

Q We have an important matter to take up before the Conference. We have a return game scheduled on Sunday (return game at Lowell Thomas'). Will we be able to play or are you having a busy day?

Q We were a little curious whether General Johnson would be here Monday?

THE PRESIDENT: He is coming Monday or Tuesday.

Q Will you be able to ride over?

THE PRESIDENT: I think I have somebody coming over on Sunday -- only neighbors, no visitors.

Q We will be safe?

THE PRESIDENT: Absolutely.

Q We are hoping it may be called off.

Q Just immediate neighbors or Hyde Park?

THE PRESIDENT: Just a few people from up the river and around here.

Q In connection with Johnson's (General Johnson) visit, who else is coming with him?

THE PRESIDENT: Nobody I know of.

Q Not Richberg?

THE PRESIDENT: No.

Q Is there anything you can tell us about Senator McAdoo's visit?

THE PRESIDENT: We talked about everything, including the kitchen stove.

Q How is the kitchen stove?

Q His kitchen stove or yours?

THE PRESIDENT: It is becoming an electric stove very rapidly.

Q That comes under the housing program?

THE PRESIDENT: Yes.

What we are trying to do is to build up the business of the private companies. That is off the record. (Laughter)

Q Mr. President, is there anything you can tell us in connection with the textile strike? Have you received any word?

THE PRESIDENT: I don't know a thing. I have not had a word today.

Q Mr. President, anything you can tell us about California -- what Senator McAdoo thinks about it, perhaps?

THE PRESIDENT: He has not been back for so long that he did not mention anything firsthand.

Q We will be glad to have a secondhand view.

MR. McINTYRE: If you get out soon enough you can ask him (indicating Senator McAdoo).

Q Did Mr. Cheney (Nelson Cheney), Mr. Pierre Flandin or Louis Donham know anything?

THE PRESIDENT: Talked about everything including the kitchen stove.

Q His name is Wallace (Donham).

THE PRESIDENT: I saw them together and separately.

Q Who is he (Mr. Donham)?

THE PRESIDENT: He is Dean of the Harvard School of Business.

Q What was on Straus' (Mr. Percy Straus) chest?

THE PRESIDENT: Nothing. I just asked them all sorts of questions and

they asked me all sorts of questions. We talked over general things. In other words, nine out of ten of these people who come up, I am asking them questions: "What do you think about this and that?" They are being sent for to give me their points of view on all kinds of things, no particular subject. It is just to get their points of view.

Q All of them have been traveling and making observations?

(The President indicated in the affirmative.)

Q Donham is quite a fellow.

THE PRESIDENT: There will be quite a number of them over the next month or two.

Q We can almost mimeograph a lead and fill in the blank spaces.

THE PRESIDENT: Yes, you can almost mimeograph a lead and fill in the blank spaces.

Q When Mayor LaGuardia was here he indicated that a new formula for Federal relief in large cities was being drawn up. Anything you can tell us about that?

THE PRESIDENT: I don't know; I cannot tell you what that meant.

Q We didn't either but we assumed that it would probably be a continuation of CWA during the winter.

THE PRESIDENT: No, I do not think we have been talking about it at all.

Q In that connection, there is a story carried by the United Press today out of Springfield, Illinois, saying that the Federal Government is going to take over all the relief to relieve the situation?

THE PRESIDENT: It is the Springfield situation? That is a U. P. story.

Q (Mr. Stephenson of the A. P.) Yes, it is a U. P. story.

Q (Mr. Storm of the U. P.) It is our turn to get it today. (Laughter)

Q Mr. Donham (Wallace Donham) is quite a gentleman. Is there anything in particular?

THE PRESIDENT: No, I suppose we talked about thirty or forty different items we are all interested in.

Q He isn't under consideration for any Federal appointment?

THE PRESIDENT: No. None of these people is under consideration for anything except I am pumping them dry to get their views.

Q Any comment on the munitions investigation that is going on down in Washington? There seems to be --

THE PRESIDENT (interposing): The only thing is that which you have already had out of Washington -- I announced it last June -- that any data they wanted from the Government, the Government would be only too glad to give to them. In other words, we would cooperate in every way possible with the Senate Committee. I think he announced that himself down there.

Q Have you given any thought, outside of the impending visit of Mr. Johnson, to your temporary reorganization plans for NRA?

THE PRESIDENT: Not any more than I have been doing every day for the last three months. I give a certain amount of thought to it every day. Nothing out of the ordinary.

Q Have you received any reports or any data from Washington?

THE PRESIDENT: Nothing for about a week. Of course I get reports all the time in the way of suggestions and recommendations. There isn't anything. I couldn't write a story if I tried. None of those reports and recommendations are news.

Q Has the program for reorganization taken any fairly definite shape yet that you can talk about?

THE PRESIDENT: I haven't got to that point yet but things are sort of shaping up. Certain aspects are becoming in my mind more and more clear. Now, as I think I told you before, the ultimate shaping up

is legislation for the next Congress. So it is not exactly a spot news story and it is very difficult to write it as a dope story because no program has been determined on and we are looking at all kinds of permanent administration. The trouble is that if I were to give you an example it would give that particular thing undue prominence in a very big program. That is why it is so difficult to do. There are a lot of things, like child labor. You cannot alleviate that unless you talk about minimum wages and hours of work, also the old-age pension and the interpretation of 7A. You have to have the individual authorities getting together and exchanging views. Then, how far can you go on the exchange of views before running afoul of the anti-trust law -- price fixing and things of that kind. You might say they all have an equal value in the entire picture and we are considering them all.

Q While you are shaping that legislation, are you likely to have anybody from the Navy come up and talk, or from the Army?

THE PRESIDENT: No.

Q Mr. President, do you expect that you will get an NRA reorganization, a temporary one, well under way during this month or October, or are you going to wait until shortly before Congress?

THE PRESIDENT: There I think you can probably make a fairly good guess on that. If I were writing the story I would say that there will undoubtedly be a recommendation to the Congress for permanent legislation. It does not matter whether it goes up in January or does not go up until March, but something will have to be done before Congress adjourns that would be permanent legislation in the sense that it would at least tide over for one year. In other words, we

are feeling our way on all of these steps. You cannot at this time say that the permanent form of NRA is going to be A, B, C or D. Child labor and collective bargaining, the collective principle of bargaining, are examples of those things which should have a permanent position in American life. Now, those things will have to be taken up by Congress, otherwise the whole thing will have to be renewed for another year.

Then you come to the borderline, it is partly administrative and partly a question of whether the thing has worked or not. If it has not worked, should it be modified or abandoned, such as price fixing. That is one of the items on which there is a question mark. We all know that. It runs afoul of the Sherman Anti-Trust Law and other things.

Then, on the administrative end, it is probably that there will be certain temporary changes in the purely administrative set-up which is more a matter of detail than anything else, before the legislation of the next Session goes into effect. Again we are feeling our way, feeling our way towards the ultimate goal. What we do may not be permanent; it may be changed a half dozen times. There have been changes in the past, quite a number of them. There probably will be more as we work towards a simplification of the whole procedure.

Q You are not including price-fixing policy and price posting, things of that sort, in the category of things that might be changed? After all, you don't need new legislation to change that.

THE PRESIDENT: They might be modified in the meantime. We are trying it out. After all they were put in there to try out. But those things, as I said, are pretty vague and I would not go so far as to say that they are going to be done, because I don't know. They are among the

things that are open for discussion and have been right along; very much so.

Q On administrative set-ups, will there be a change in that in the near future, say by the first of October?

THE PRESIDENT: Now you are getting too definite. I don't know. That is the trouble, you haven't a spot news story. You have an interpretative long-range story. I cannot tell you what will be done because I don't know. But we are working, gradually towards a simplification of NRA, throwing overboard or modifying the things that were not working -- putting in eventually through perhaps a process of several changes a machinery that would seem to work better, with a more permanent and more simplified organization. It is hard to say anything categorically about it.

Q Then there will be, in effect, no particular unit in NRA which will be affected but, rather, a series of steps in the NRA, very gradually, as they appear workable?

THE PRESIDENT: Then again, suppose we decide this time that certain things in all the codes that require man power to administer should be either modified or abandoned. Obviously, you have to modify your administration machinery by abolishing or consolidating personnel.

Q Mr. President, one more question on relief: Is there any chance that Louisiana or some of those other states whose legislatures failed to make any appropriation will be cut off by the Federal Government?

THE PRESIDENT: I don't know. You will have to ask Harry Hopkins that. I think in most of those states they have taken care of their share legally where they have not had legislative appropriations.

Q In Louisiana, I believe, the Legislature has not done anything?

THE PRESIDENT: Louisiana is, at the present moment -- I will say it off the

record -- a horrible example.

Q Did you see the reports from New Orleans where Huey (Senator Long) has moved in 3,000 National Guardsmen into New Orleans in order to enforce the laws passed by the special session of the Legislature?

THE PRESIDENT: Three thousand -- God!

Q Do you think the Constitution has been violated there?

THE PRESIDENT: We had a very funny thing. Some of those people -- this is off the record entirely -- asked an opinion as to when the Constitution was violated. I got the Attorney General's office to write an opinion, and, of course, there isn't anything to be done on the situation as it exists today, not a thing. There isn't a precedent in history for it.

Q There probably wouldn't be a precedent before Election Day -- I mean if they were to have any interference with the balloting.

THE PRESIDENT: Again, it is a primary election.

Q The Federal laws do not cover a primary?

THE PRESIDENT: No, in no shape, manner or form. We are all sorts of tied up and, of course, Huey Long knows it.

I do not believe there is any news except a few people coming tomorrow.

I had Monsieur Flandin, Minister of Public Works (France), he and his wife and daughter came in to lunch, and we talked about everything relating to the United States and France except public works.

Q Did you talk about the debt?

THE PRESIDENT: No -- this has got to be off the record -- we spent most of the lunch hour talking about Germany.

Q What is the situation there?

THE PRESIDENT: Off the record, the French are not very happy.

Q Are they worried?

THE PRESIDENT: Oh, yes.

Q Why?

THE PRESIDENT: What they are afraid of -- we will have to keep this entirely off the record; you know I cannot talk foreign affairs about so-called friendly nations. The situation, -- all those fellows that have been coming back -- really what they are afraid of in Germany is that the German economic situation is breaking down. In fact, as it is they have no gold, no foreign exchange, they cannot buy materials on the outside. What are they going to do to keep the factories going? They are turning out synthetic rubber, gasoline, synthetic cattle and horse fodder -- perfectly amazing -- and employing all those people to turn out synthetic substitutes for everything.

He (Mr. Flandin) says that a thing like that cannot go on, that you cannot use synthetic rubber and synthetic food for everybody and that it is bound to break down of its own weight. The question is, when?

Then, they are afraid in France that when the thing does get to the point of closing down their factories, with already a very large unemployment list, then one or two things will happen: Either they will have chaos inside of Germany, with all of these fellows fighting among themselves -- we got one report the other day from Dodd (Ambassador Dodd in Germany) describing how Hitler's Secret Service was being followed by Goebbel's Secret Service, which was being followed by Reichswehr's Secret Service, which was being followed by the Gestapo, all of them following each other around -- or else that the leaders over there, to retain their power, will start to march on something, to walk across the border. I suppose the easiest way would be to toss a coin to see which border they will have to walk across to retain the

present regime in power and the whole of Europe is scared pink of something like that.

Q How can they get the money to buy the bullets to shoot at people?

THE PRESIDENT: Of course the French say they have an awful lot of it on hand. The French are convinced. They say big guns are the easiest thing in the world. When you are casting a stern tubing for a ship, for the shaft tubing, it is almost exactly the same process as casting the tube of a gun, of a 14-inch gun. It is exactly the same thing. You cast two and put one over in the corner. The French are convinced that they have all the small artillery, the 75's and the 155's, according to the French, and the French -- this did not take place today so don't think it is Flandin -- the French are perfectly sure that the Germans have more machine guns than the French Army. And they are also perfectly sure that they have as many airplanes available as France has.

Another lovely story is that the school children -- this is one of the silly ones, but it may be true; we do know that every factory worker in Germany works with a gas mask in a bag above his bench and every once in a while a whistle blows twice and everybody puts on his gas mask. I tell you the silly things because we get them all the time and only a few get printed.

The school children in Germany are now going through an educational process. They have a box of matches and the head of the match is impregnated with the particular smell of the poisonous gases used in the World War. They gather around in the classroom and the children light a match and that is gas No. 3. They train them in knowing those different smells. It sounds crazy but we know there is a lot of that stuff going on. There are seven different smells and you have on the

gas mask seven different slides, each one against a different type of gas.

Then there is the story of the professor of foreign languages at Bryn Mawr, who went over there last fall and visited a German professor in Stuttgart. She went to his house -- she had stayed with him before. His family and workmen were working down in the basement. She said, "What is all this work that is going on?" "I am carrying out the orders of the Government. I am putting a bomb proof in the cellar. We are all doing it." She said, "What are you doing it for?" "We get a remission of half year's taxes if we prepare against airplane attack. They are doing it in France." She said, "They are doing it in France?" "Oh, yes; the papers say so. The English are doing it and they are doing it in the United States along the whole Atlantic Seaboard."

She said, "I have not been home for two months but I am sure I have not seen it." "You do not know. We know. Our Government tells us."

Now, there is a professor who swallows the whole thing, hook, line and sinker.

And then the little boy came down at night to say his prayers, his age eight or nine years, and he kneeled down at his mother's knee and said his prayers and ended up in good German, like a good German boy, and he said, "Dear God, please permit it that I shall die with a French bullet in my heart."

You get that sort of thing and that is what has got the French scared when ninety per cent of the German people are thinking and talking that way. If I were a Frenchman, I would be scared too. There are only 40 million Frenchmen and there are 70 million Germans.

Q When is this war going to start?

THE PRESIDENT: I said last winter on that that as long as they are talking

war in Europe there won't be a war.

Q They might talk themselves into one, don't you think?

THE PRESIDENT: They are all saying there won't be a war.

Q Isn't Italy going to collapse?

THE PRESIDENT: No; they have $240,000,000. of gold left.

Q It is decreasing, though.

THE PRESIDENT: Oh, yes. Those things aren't so hot.

Q Pretty bad in France?

THE PRESIDENT: Harry Hopkins talked to you about Italy?

Q I wasn't there.

Q He did.

THE PRESIDENT: He thought Italy was much worse off than any of the stories we have been getting would indicate because he said out in the country the average family did not have enough money for spaghetti. I said, "What do they do?" He said, "I think most of them are using wheat chaff which they boil into soup."

Q How much did the French Minister say about France's unemployment, economically?

THE PRESIDENT: He said they were not as well off as last year but still not serious. I think he said something like three or four hundred thousand. Of course, the French are very conservative. They do not put a man down as unemployed unless he really is, and we do.

Q Do those reports coming to you indicate there is a general slight recession in world business, that is, abroad as well as at home in the last month or two?

THE PRESIDENT: Oh, undoubtedly, of course. England, we know, is off and I do not know whether Italy and Germany have gone off but they are coming to an end of their resources, which is just about as serious. They

have not got any foreign exchange to buy their raw materials with and, of course, France is a little off from last year, but not as much off as they were in the last three or four months. Our foreign trade is the only one that has gone up. We have gone up pretty well on foreign trade.

Q And imports reduced?

THE PRESIDENT: Imports reduced but exports up.

MR. McINTYRE: Everything you said since talking about NRA is off the record?

THE PRESIDENT: Yes, everything is in the family. It is just to get a general picture. But the general world picture is not as good today as it was a year ago. There is no question about that.

Q In that connection, while we are talking unemployment here, off the record, I wonder if you would not tell us your own reactions to this big program of taking over idle factories and lands and putting men to work on "production for use"?

THE PRESIDENT: Absolutely off the record. To be quite frank, I have never read the entire program. I know he (Upton Sinclair) has a State-wide program which, in all probability, is impossible, absolutely impossible, on a scale anything like that. Now, on the other hand, there is real merit and real possibility in the community plan based on the same principle, where you have your scrip or whatever you call it a purely local matter. The simplest thing I know is where you can get two families, one making shoes and clothes and socks, everything that a person wears, and the other family making everything that a person can eat. There you have a perfectly economic proposition. Those two families can swap both food and clothing. That is obvious. You can extend that, as they have been doing in Ohio, to a community basis. There are a number of these experiments which are working awfully well

in Ohio. There are something like 200,000 people in the State of Ohio who are working in these community cooperatives and there is a certain amount of exchange between cooperatives. They have the entire support of the mayors and the business men in these smaller towns in Ohio. By trial and error during the past year -- they have made mistakes -- the thing is succeeding and they won't give them up in this kind of period for anything. They are taking care of 200,000 people and they are reducing their relief costs by doing that something like 65 or 70 per cent.

I said to Sinclair the other day, "That is perfectly fine if you can do it on a perfectly small community basis." But what happens to the needs for United States cash that a family has got to have? Suppose one of these families in Ohio wants a postage stamp? You cannot take two cents in scrip to a postmaster. He has to have real cash. That is why they are trying, on the Ohio plan, to employ them for cash a portion of the time, that being the percentage of relief money or public works money that goes into it. But it has to be very little, one day a week instead of four days a week because, with one day a week for actual cash, the average family can supply the cash needs that cannot be bought for scrip. Then there are things like the rent where the landlord won't take scrip. How are they going to pay the rent? Well, they have to work that out on a community basis. They are trying out this exchange of work plan which tides over a large portion of their immediate human needs, making the cost of relief infinitely less. It cuts it way down. But I do not think it is a possible thing to put it on a State-wide basis.

I said to Sinclair the other day, "Suppose the landlord gets paid in this scrip, what does the landlord do with the scrip?"

"Oh," said Sinclair, "He would pay the State taxes,"

I said, "What would the State do with the scrip, use it to employ the workers on the highway?" I said, "The difficulty there is how would you set up for the State of California an absolutely different currency system? You would have the two side by side and it won't work.".

I think probably, if Sinclair has any sense in him, he will modify at least in practice this perfectly wild-eyed scheme of his and carry it on as a community experiment. It will do a lot of good work that way.

Q May I ask your reaction to the opposition advanced to the community plan? The general reasoning is that even today these men have shoes and something resembling clothing on their backs mamufactured by private industry at a profit and the minute you start putting these men to work for their own needs, the demand for products of private industry falls off and you have increased unemployment.

THE PRESIDENT: Well, let us take shoes, for instance. As I understand it some of these hides that have come off the cattle, about two-thirds or three-quarters of them, instead of being dumped on the market, are going to be sold so much a month for a year. The shoe manufacturers are perfectly happy about that. The other quarter they are going to take and divide in half and give half the hides to the present shoe companies on such a basis that the present shoe companies with these orders plus what they have will be insured full-time production. That will apply to every going shoe concern in this country. The other quarter of the hides will be used by the workers unemployed in idle plants to make shoes for the unemployed.

Now the question is, would they use shoes anyway? No. They would use shoes only to the extent that they would make one pair of shoes last through the entire year. This way they will use two pairs of shoes.

Now let us take other needs such as mattresses. There you have a problem of people who haven't got mattresses. Around Warm Springs, taking that as an example, if you went to every house, negro and white, within ten square miles you will find that one family out of four has a mattress. Now, that is an amazing statement but you take in North Dakota farmhouses -- I don't know but I think it was the Devils Lake section -- we have had surveys made and about half the families haven't mattresses, and those are nice-looking farmhouses.

Q What do they use?

THE PRESIDENT: Corn husks and quilts and old rags and things like that.

Q How are they coming with this experiment down in Warm Springs on a new brand of liquor?

Q I hope you can put one of those new mattresses in my bed down there.

(Laughter)

THE PRESIDENT: But through the South I could not tell you how many million families absolutely lack mattresses. Now those people are not going to buy from mattress manufacturers. There are 18,000 people working in mattress factories in the United States and that is very nearly the normal. Hopkins is giving those people enough work to give them employment at full time for one year to come. Every mattress factory in this country is guaranteed work for a year to come and, in addition to that, we are taking 200,000 bales of cotton and putting people to work on that and making mattresses to go in homes that never have had them before.

Now, if people get accustomed to mattresses in homes that never had them before, they are going to buy mattresses if they have the money.

Q How about stockings?

THE PRESIDENT: You know what Perkins (Secretary Perkins) said in the South.

Q I see how you can follow -- the objections to the scrip when you extend it beyond the community, but once you get into the manufacture of goods, in that case you have to go beyond scrip?

THE PRESIDENT: That is a different thing. On this Ohio thing they are keeping it in the community entirely.

Q They are keeping the scrip there, but if you are going to manufacture goods, as Sinclair (Upton Sinclair) is proposing to do with idle factories, you haven't the factories to distribute it properly.

THE PRESIDENT: His thought is to make of California a complete economic unit and not go all around it. You can't do it. The scrip would circulate inside there and nowhere else in the world. It is too damned big.

Q Thank you, Mr. President; it was very nice of you.

Q I have one query I have to put. It probably will be answered off the record. My boss has been bombarded with queries as to whether you will ask for taxes or wait until the Committee would make its report?

THE PRESIDENT: I have not heard a word. By the way, has Ingersoll accepted?

Q Yes, he has. LaGuardia announced that this morning.

THE PRESIDENT: No, I haven't heard a word, Charlie (Mr. Hurd). (Referring to taxes)

Q On that story the other day, the boss said that was based on some work being done by the Ways and Means Committee down there, where they are doing it unofficially.

THE PRESIDENT: But they do not every year appoint a special committee to look into new forms of taxation. I guess there was nothing in it. They might invent taxes that would bring in three billion dollars. It is just survey.

CONFIDENTIAL
Press Conference #143,
In the President's Study at Hyde Park, N. Y.,
September 12, 1934, 10.30 A. M.

THE PRESIDENT: How is everybody? I want to offer congratulations on Charles' (Mr. Hurd) very excellent editorial (in the Poughkeepsie paper). (Laughter)

I did not see yesterday's. Who wrote it?

Q Brother McCaffery.

THE PRESIDENT: He did! Good. I will have to dig him up.

Q I thought it was a very strong pro-Administration editorial.

THE PRESIDENT: I do not think there is any news. Do you know of anything?

MR. McINTYRE: That Straus matter.

THE PRESIDENT: Oh, yes. The only difficulty about giving out the letter is that I have not got to it yet. I have not had time. Look, why don't I dictate a little letter accepting his resignation with regrets and send it down? (Dictation)

My dear Nathan:

I am indeed sorry to have your resignation as State Director of the National Emergency Council. I fully understand the reasons which make it necessary at this time but I hope that you will come back to help the Government later on.

Very sincerely yours,

MR. McINTYRE: I will give out the text of the two letters.

Q Is there anything to add to the NRA set-up as Secretary Early explained to us yesterday?

THE PRESIDENT: No, except that I would not, in the least bit, be categorical about any of it. Of course, it is still in the study stage, and personal animus does not enter into it at all.

How we will take the NRA and divide it up into three parts, I don't know. You cannot say categorically that three component parts will be made up out of NRA.

Q That is the word I was looking for all day yesterday, "component".

THE PRESIDENT: We are working on the theory that you got all right, that the easiest way to divide the functions is the normal Government way, into three branches, the policy branch, the judicial branch and the executive branch. If we do go ahead on that general broad plan, how we will tie them in, I don't know. In other words, I don't believe you would be on the right track if you said that NRA itself is going to continue as NRA with three functions. I will give you a simple illustration: When you come down to enforcement, what we are trying to avoid as a general proposition is having too many departments. That is going back to the old method of having eleven departments of the Federal Government, each having its own law department. We had the same thing in Albany when Al Smith reorganized the State government. There were 122 departments in the State government and, as I remember it, there were somewhere around forty legal divisions in those departments. What he did was to reorganize those departments down to eighteen and cut down the legal departments and put them all into the Attorney General's office with the exception of one or two that were in special fields.

So, with the legal end of NRA, on enforcement, what I would like to do would be to work out a method by which the enforcement would be where it properly belongs, under the Department of Justice, but not so separated from NRA or its activities that they would not know what was going on at all times. What we would do would be to give the

responsibility to some organization, possibly a new division in the Department of Justice. If something like that were done it would mean that probably a good part of the personnel now doing enforcement work would be transferred.

Q Then this legal department of the NRA, as you were thinking of it, would actually be in the Department of Justice entirely?

THE PRESIDENT: The responsibility for determining on prosecutions would rest with the Attorney General. I can give you -- and this has to be off the record because there is no use dragging it up again; just so you will understand what it is about, but off the record -- you will remember last December or in the early Winter some of the legal people in Public Works -- I mean the Oil Administration -- decided on a method of settling the California oil trouble and they worked out what might be called an agreement with the oil operators. They had the approval of 97% of the oil operators. They were going gaily ahead with it and they did not know that the Attorney General and the District Attorney were prosecuting an actual case and had obtained indictments covering one of the practices which the oil administrators' agreement actually legalized. There you had a case where there were two branches of the Government, one was legalizing an operation by approval and agreement, and the other one was prosecuting in the courts for the violation of that particular practice.

That is a very good illustration of how we have to prevent the crossing of wires.

Q In that connection, in relation to the Policy Board, as far as you have gone now is it your idea that the Policy Board should be created or consist solely of men in the NRA or would some of its members be from outside agencies to coordinate the work of the NRA with the other

Recovery Administration?

THE PRESIDENT: Put it that way; it is all right. I would say that probably a majority of them would come from outside the NRA.

Q Mr. President, your suggestion that the principle of collective bargaining was here to stay raises another question in view of the National Relations Board ruling with respect to majority rule. That differed a little bit with the settlement on a proportional basis in the automobile strike. Does that indicate any change in your views?

THE PRESIDENT: Those are pure details as I see it. Those are things that have to be worked out and depend on the industry.

Q Any further information on the textile strike?

THE PRESIDENT: I have not heard a thing, Fred (Mr. Storm).

Q On the forthcoming investigation of the ocean mail contracts, in the event any iniquities are shown in those contracts, will it be the policy of the Administration to cut off all help?

THE PRESIDENT: My policy is to continue helping the Merchant Marine. I think it might be made clear that this Post Office Department investigation does relate primarily to the post office end of it. They will, for instance, bring out how much would be the commercial cost of carrying that many pounds of freight in a completely safe way. In other words -- I do not know what you call it; special freight is what it comes down to -- that would give approximately the proportion that the subsidy bears to the total amount that is now being paid. As I think I said last year, off the record, I am very, very much in favor of calling a subsidy a subsidy. If it is a subsidy, let's call it a subsidy.

Q And you do favor a subsidy?

THE PRESIDENT: Just the same way -- and this has to be off the record --

I am not at all certain we would not be justified in calling, using the word "subsidy" for the large loss that the Federal Post Office makes today in carrying newspapers and magazines. (Laughter)

Q That is off the record. (Laughter)

THE PRESIDENT: That is off the record. (Laughter) I am a rough fellow. It all depends on whose baby has the measles.

Q That is right. (Laughter)

Q Did you happen to see yesterday Dave Lawrence's column out of Washington?

THE PRESIDENT: I did not get my Sun last night and that is the only one that carried it.

Q As a matter of fact, it was a very interesting column. He quoted the text of the British Collective Bargaining Law, showing that while it does grant to labor virtually everything that we have granted to labor under 7 (a), it does impose on labor very rigid restrictions which we have never attempted to impose.

MR. McINTYRE: They did that years ago.

THE PRESIDENT: Years ago and, as I was saying the other day, that was evolutionary and that was twenty-five years ahead of us.

Q It sounded like a good law, the way it ran.

THE PRESIDENT: I wish Dave Lawrence, who has lots of facilities for looking up things, would look up the bill that I asked Lord Illiffe about the other day, because I think there was something done in this Parliament or the one previous.

Q Dave (Mr. Lawrence) got the data, did he not?

Q He said it was enacted in 1927.

THE PRESIDENT: In other words, it gave the British Government, in a sense, enforcing power after an agreement was made.

Q That is perfectly true. It also prevented mass picketing on the grounds

grounds that it was certainly designed to intimidate a worker who wanted to remain at his post. There were also certain restrictions on the rights of labor to strike.

THE PRESIDENT: Well, it is working pretty well; that is the answer and of course they have much more responsible leadership than we have at the present time.

Q We have an inquiry whether or not the Militia General had been selected?

THE PRESIDENT: Does the Chamber of Commerce want one?

Q As a matter of fact, the Chamber of Commerce called me up. (Laughter) I think they have a candidate.

THE PRESIDENT: The War Department, as I understand it, said that they did not think they needed one.

Q I think that is true but they seem to think that it was brought up again.

THE PRESIDENT: I do not think it carries any increase of pay.

Q No pay at all. Just somebody who wants to be a general.

THE PRESIDENT: I think you can give them the low-down that if the War Department does not think they need a general, I won't appoint one, either for social or political purposes.

Q Getting back to ocean mail, you do favor a subsidy?

THE PRESIDENT: Oh, we have to have some kind of a subsidy, let us call it that, if we are going to maintain a reasonably large number of sea-going ships on foreign routes. Obviously the American ships, which cost anywhere from 25 to 50% more to build and a good deal more to operate because of our shipping laws, the seamen's laws, cannot compete with other ships in foreign commerce unless they get some assistance from somewhere.

Then, of course, there are other things which -- oh, I don't know, I think you can use it because we were all appalled by that Morro

Castle catastrophe -- I am inclined to think that there will be a rather definite effort made by the next Congress to eliminate wood construction on passenger-carrying vessels of all kinds.

Q This is getting on page one, watch out.

Q How about tapestries and decorations?

THE PRESIDENT: There you face the question, which would you rather be on, which would you rather do, cross the ocean or go to sea on a vessel that has a Louis Quinze dining room and a Roman bath and so forth, highly decorated in inflammable woodwork, or would you rather go to sea on a ship with modern steel, vanadium steel constrution, which can be made perfectly pleasant to look at but it is not as luxurious but at the same time would not burn up? I would prefer to go on the ship which did not have the Louis Quinze dining room. Almost everything today can be constructed out of fireproof materials, including the tapestries and including rugs. We had a long session at the dinner table last night and the boys tried to get me. They said, "How about things like sofa pillows, you certainly cannot make those out of things that cannot burn up," and they thought they had me. I said, "Haven't you ever heard of asbestos wool?"

Q Isn't that pretty broad, to use that on passenger vessels?

THE PRESIDENT: Well, why not?

Q Would that include these river ships?

THE PRESIDENT: Why not? My Lord, we have had perfectly terrible disasters with river boats and Long Island Sound boats. They killed hundreds of people. There was the Slocum and there was a terrible disaster before that on Long Island Sound which killed six or seven hundred people.

Q Such a law would apply to ships hereafter built?

THE PRESIDENT: Yes.

Q Are there any ships built now that are supposed to be fireproof?

THE PRESIDENT: I do not know, Stevie (Mr. Stephenson). There are some ships pretty nearly fireproof. Well, take the cruisers we were on. They were not difficult to live on.

Q I have only one suggestion: Do not apply this steel wool to the mattresses.

THE PRESIDENT: I think this will be a serious question for Congress to take up.

Q Will you favor it?

THE PRESIDENT: I will leave it up to the Congress for a while.

Q You will not oppose? (Laughter)

Q Is there any possibility that the Department of Justice will be called upon to investigate the origin of this fire (on the Morro Castle)?

THE PRESIDENT: If they have anything to go on, certainly.

Q You will leave that up to Conboy (Martin Conboy, District Attorney in New York)?

Q On that Department of Justice investigation, would they wait for a report from Conboy?

THE PRESIDENT: That I do not know. I do not know how it would originate. If it were a thing for J. Edgar Hoover's Bureau and if there was enough to go on, undoubtedly they would move.

Q As soon as this is printed, Hoover will start moving. (Laughter)

THE PRESIDENT: As a matter of fact, and this has to be off the record, I have not seen enough in the paper yet to do anything about an explosive on board.

Q The officers claimed that. They claimed also that there was another fire on the last voyage down in the hold and while it was being put out they found a lot of burnt paper in the cargo as though that paper had been there and ignited.

On this voyage, in this locker, there was some kerosene and gasoline.

Q I think some of the engineers, regarding that earlier fire, said it was of accidental origin, that they had traced a cigarette butt on down through a crevice.

Q If it was proved, it was said the ship's company is not liable to any damages. So Mr. Brisbane says, and he is always right.

Q I never heard of him. (Laughter)

THE PRESIDENT: He is not entirely right. I used to be an admiralty lawyer and he was not. The company is not liable if it can be shown that it exercised reasonable care to prevent the setting of the fire.

Q That is the law in everything, isn't it? (Laughter)

Q The company is going to have a hard time proving that.

THE PRESIDENT: Arthur Brisbane -- of course he sounds like a million dollars but he always keeps beside him Ridpath's History of the World. (Laughter)

Q Is Mr. Richberg coming up today?

THE PRESIDENT: After lunch.

Q Is he going to stay overnight?

THE PRESIDENT: No.

Q Just a short time on NRA?

THE PRESIDENT: Nothing to do with NRA. It is on Executive Council and Emergency Council and these reports he has been editing.

Q Will he go back on NRA or continue along on this thing?

THE PRESIDENT: That I do not know. He gets through the first of October, I think.

Q Anything from a Dutchess County angle, particularly? The NOURMAHAL is here now, I understand -- is it here now?

THE PRESIDENT: I do not think so. I have some people coming in this afternoon to talk to me about some additional water storage for the Hyde Park Fire Department.

Q By the way, Mr. Tugwell was up here yesterday?

THE PRESIDENT: Yes.

Q What did he want?

THE PRESIDENT: Just to say goodbye.

Q He is going to Europe?

THE PRESIDENT: He was awfully worried.

MR. McINTYRE: Some of the dope stories had him going away yesterday.

Q Where is he going?

THE PRESIDENT: He is going to this Rome conference. What time does the ship sail?

Q We don't know.

THE PRESIDENT: Then I might tell you boys what he is worried about. Don't, for the love of Pete, use it. Don't telephone it to New York. You can use it after he actually sails. On this Hawaiian sugar suit, with respect to the quota for Hawaii, attacking it on the grounds that it is unconstitutional, the suit apparently has been filed. Henry Wallace was going back to Washington the other night from New York and when he passed through Baltimore at 4.30 A. M., a hand came into his berth and shook him roughly and said, "Here is a subpoena." Rex said that apparently it was the first time, since Henry Wallace is a perfectly mild man, the first time he completely lost his temper and he lost his temper all day. Rex is scared perfectly pink that on the way to his boat today somebody is going to slap a subpoena on him and he and his wife will have to give up the European trip. So be kind to him and don't flash it down because it may put ideas into their heads.

Q Would you care to comment on the criticism by Mr. Law of the American Bankers Association that the reason the bankers cannot extend their loans is because the Federal examiners come along and mark them "slow" if it is not backed 100% by liquid collateral?

THE PRESIDENT: There is something in it, no question. Morgenthau has a committee at work on it. I think they are leaving Washington today. They are to go into that whole method on the methods employed by the Federal bank examiners. The story on that end will break from Washington. Nelson Cheney was down here the other day. He is State Senator from out near Buffalo and is the President of a little local bank. What he said was the same thing, that the small banks are all complaining that the Federal examiners throw out what they consider perfectly good loans. I think, if the Poughkeepsie papers want a story on that, they ought to go and see the Poughkeepsie Trust Company and ask them what their experience was.

I think I can give you a typical case. It was not a Poughkeepsie case, and although it was a bank not very far from here, it was not in this County. It is typical of what the Federal bank examiners are apt to do. They are operating under the old rules when there were much fewer national banks and when the country banks were state banks. In this particular case a man had started a very small clothing business. He had made good at it and he wanted to go into a little larger store and he needed eight hundred dollars in cash. He had always made money and this was a sort of family business. He went to the bank and told them that he needed eight hundred dollars. The bank said yes, they would give him the money if he could get two endorsers. He got two endorsers, one a man worth half a million dollars and one a lawyer in this town, on the type of John Mack, and they both went on

his note. Of course the bank let him have the eight hundred dollars. Then the Federal examiner came along and said, "It is out."

In this county, this was not a trust company case, the bank had loaned three thousand dollars on this farm. It was a farm which I happen to know very well, and if you gave me the job of selling it, I could get $6,000 for it without any question inside of a couple of weeks, and if you gave me a couple of months I would probably get $8,000. There was $3,000 loaned on this farm. Well, the owner of the farm had paid his interest right along but he had not paid down on the mortgage for three years. Because of conditions he was darned lucky to be able to pay the interest. The Federal bank examiner came along and said that it was out because he had not paid anything down on the mortgage. Yet, if the bank had foreclosed, it would have been able to get about $6,000 for that farm.

Q Is it up to the judgment of the bank examiners themselves, their individual judgment, or do they have rules?

THE PRESIDENT: You can only have general rules.

Q You think they have been too severe?

THE PRESIDENT: I don't think they have used the rule of reason in a great many cases. You have the same thing on the Coast and the same kick on it out there. You see, one of their rules is that unless the amount of the debt has been paid down so much each year, without fail, they have to throw it out. Now I say that anybody who has been able to pay the interest in the last three or four years is pretty lucky.

Q In other words, they are just following the rules out of the window.

THE PRESIDENT: Yes.

Q What is Morgenthau going to do?

THE PRESIDENT: He has a committee at work on it and they are checking the whole thing. I don't know what their report is going to be, so I won't

even make a suggestion.

Q Mr. President, on this same line, when Walsh (Frank P. Walsh, of the New York Power Authority) came back from talking to you last week, he handed out a printed statement which had in it a sentence to the effect that the reactionary interests were fighting the recovery program all along the line. Would you care to make any comment on that?

THE PRESIDENT: It sounds like Mark Sullivan. (Laughter)

Q Farley (Postmaster General Farley) told us yesterday, remembering what you said about politics in the relief work, he said it had been reported to him that there was a lot of politics through Republican control of relief, that they were using it for politics. He said he had heard a lot of complaints about it. I thought he might have taken it up with you?

THE PRESIDENT: I think there are probably just as much Democratic politics in it as there are Republican. It depends on what state, what county and what town, and who the leader is.

Q May we say that?

THE PRESIDENT: I think so. The one difficulty in the administration of relief has been, in a great many cases, the inefficiency of the local person who was responsible for picking out the people who want to go on relief. That is a personal equation and every week that goes by we try more and more to eliminate, to get rid of the people who are using it for either personal purposes or political purposes or any other purposes. Sometimes we catch a fellow who is grafting, but the purpose is to get the right people in the smaller units of government, in towns, villages, counties and cities.

Q Thank you, Mr. President.

Q Did you hear anything about the Maine results?

THE PRESIDENT: Maine? Maine? I think she sank in -- (Laughter)

Q Somebody must have raised it. (Laughter)

Q It looks that way.

Q By the way, do you happen to know what ship Mr. Tugwell is sailing on today?

THE PRESIDENT: I wouldn't tell you if I knew. (Laughter)

Q I only wanted to check up on what time he is leaving. We have to know.

Q Make it morning release.

THE PRESIDENT: Either the MANHATTAN or the WASHINGTON.

Q They got plenty of news for the afternoon. Why not make it a morning release? They have plenty for the afternoon.

THE PRESIDENT: Why couldn't you hold it for morning release?

Q Because we want it for the afternoon. (Laughter)

Q What is the Rome conference?

THE PRESIDENT: It is the International Agricultural Institute.

MR. McINTYRE: The Institute of Agriculture.

THE PRESIDENT: That is the International Institute of Agriculture and it is an organization that was started a great many years ago by some very famous American.

Q Luden.

THE PRESIDENT: By a man named Luden, who was one of our great experts on agriculture about thirty-five or thirty years ago, wasn't it, Ernest?

MR. LINDLEY: I think so.

THE PRESIDENT: It antedated the League of Nations by years and years. It was the first effort in the world to have a central organization which would be fact-finding and interchange information of all kinds on some particular thing. On agriculture, they undertook to find out what the crop production would be, et cetera, and Luden started this thing and

I think it was after his death that the thing sort of began to die and the Italian Government got interested and kept it going. It is only in the past year, since I started the Wheat Conference and the general interchange of information on world surpluses that the thing seems to have taken a new lease on life. Also, we did not subscribe to it for years and I got through an appropriation of $50,000. a year ago so we are now members in good standing and we are sending Tugwell over there. We are sending, also, MacMurray, who is our Minister to one of the Baltic States down there, and he is the American delegate to the Wheat Conference, and also Bingham is a member of the Wheat Conference. Tugwell is going to London to keep in touch with the wheat situation, and then, with Bingham and MacMurray he is going down to Rome. We are very much interested in the success of the Institute.

Q Will there be any new efforts for world wheat control?

THE PRESIDENT: Well, it is going on.

CONFIDENTIAL
Press Conference #144,
In the President's Study at Hyde Park, N. Y.,
September 21, 1934, 10.30 A. M.

THE PRESIDENT: What is the news?

Q That is what we are here for.

THE PRESIDENT: It is another dull day.

Q Oh, say it isn't so.

THE PRESIDENT: I don't think I have a blessed thing.

Q What was the mayors' conference like?

THE PRESIDENT: They talked to me about the general subject of relief.

Q Do they have a plan?

THE PRESIDENT: I do not know, unless they have drawn one in the last twenty-four hours.

Q Are you seeing them this morning?

THE PRESIDENT: They are here now.

Q Who besides Mayor LaGuardia?

THE PRESIDENT: I do not know.

Q More for our own benefit than for publication, any idea as to when we leave for Washington?

THE PRESIDENT: I think probably Tuesday night, so far as I can tell now, but I might put it off until Wednesday night because they are still working on the elevator down there.

Q Do you suppose you could persuade them to keep on working until Saturday?

THE PRESIDENT: The only definite appointment I have for next week, which is a perfect damned nuisance, is for Mrs. Meloney of the Tribune (New York Herald-Tribune). She is pulling off one of her family conferences. I think I am supposed to be addressing it by long distance.

Q The Herald-Tribune announced that you would do it from Hyde Park on the twenty-seventh of September.

THE PRESIDENT: I think I will have to get back Thursday morning anyway.

Q Have you any other radio speeches? Do you think you will make another report to the country?

THE PRESIDENT: I suppose so; I have not a date in mind. I did it last year about the first of October. I haven't any date in mind and I have not any subject in mind. I really have given it no consideration but we are about due for one.

Q Around the first?

THE PRESIDENT: It may be before the first, or after. You had better say "in the next few weeks."

Q When do you expect to announce the relief setup for the winter, Mr. President?

THE PRESIDENT: Probably the third of January. (Laughter)

Q But what are all these poor people going to do?

THE PRESIDENT: The fourth of January. One (the third of January) is the Annual Message and the other (the fourth of January) is the Budget Message.

Q Can you tell us anything about your talk with Harry Hopkins?

THE PRESIDENT: I did not know he was coming in to see me. When I heard he was here, I asked him to come to the picnic.

Q Will he sit in with you when you talk to the mayors?

THE PRESIDENT: Is he here?

Q Yes, sir.

THE PRESIDENT: I will have him sit in.

Q What was the report that the cities and states will have to bear a larger share?

THE PRESIDENT: Anything you write on relief at the present time will be wrong.

Q That leaves us quite a wide field.

THE PRESIDENT: That is a categorical statement: Anything you write on relief will be wrong. We have not any plan outlined -- we are still in the study period.

Q Can you make any comment on the organization of the railroads in Chicago yesterday to clean house among themselves? To merge --

THE PRESIDENT (interposing): You mean the new association? I do not think it has any idea of cleaning house. I gave out a statement from Washington, didn't I?

MR. McINTYRE: I do not think you did.

THE PRESIDENT: I am supposed to have.

MR. McINTYRE: They have not made any announcement down there, but there will be a statement.

Q It was announced yesterday.

THE PRESIDENT: Whenever the Pelley (J. J. Pelley) announcement comes out, there is waiting in the White House a statement from me to go out.

MR. McINTYRE: I think that is coming out from Joe Eastman. Wasn't that the final decision that Eastman was going to issue the Administration statement?

THE PRESIDENT: But anyway, we talked it over -- everybody knows that and everybody is in sympathy with this thing.

Q When is General Johnson coming down again?

THE PRESIDENT: He isn't, so far as I know.

Q He was coming down before you went back to Washington?

THE PRESIDENT: I do not think so. I do not think I have any particular business except the picnic and -- who is coming today?

MR. McINTYRE: The forestry people.

THE PRESIDENT: Oh, yes, the forestry people are coming today.

Q Any comment on the subject of a central bank? We hear a lot of talk about it lately.

THE PRESIDENT: No comment.

Q Who are the forestry people?

THE PRESIDENT: The people who comment on the experimental crops this year.

Q That is this local thing?

THE PRESIDENT: Yes.

Q I note in the Times (The New York Times) the story that McCarl (the Comptroller General) has ruled against the use of the $15,000,000?

THE PRESIDENT: Charlie (Mr. Hurd), I think the story -- I won't guarantee it but I think it is all cockeyed. (Laughter)

What happened, as I remember it, is this, and it ought to be checked up because it is just recollection on my part: The original project called for $15,000,000. It included in it quite a large amount for land purchase and the original proposal of the Department (of Agriculture) was to take out not merely the employment, that is, the wages of the people concerned, from relief, but also to take out for the land to be purchased to put the trees on. McCarl, when he went over that with me about four or five days before we went up on that, said, "I do not think we can take any purchases out of relief money." I said, "I agree with you one hundred per cent."

So, there wasn't any disagreement between us on that item. He said that obviously any money spent for wages for the unemployed is perfectly all right. In other words, I think it is a thing that came up as a result of the discussion in one of the departments, agriculture or relief, as to whether they could get land purchase money out of

relief money.

Q You have land purchase money anyway?

THE PRESIDENT: Yes.

Q Where does that money for land purchase come in? Do you recall offhand?

THE PRESIDENT: I do not. The Greeks had a name for it but I do not recall it. The Greeks bearing gifts.

Q I do remember that.

Q You are going ahead with this timber belt?

THE PRESIDENT: Oh, heavens, no; lots of things have not been decided. There is the method of acquiring the land, whether it will be built along the section lines or not. We are going ahead with the appropriations for tree planting but the thing is very tentative as to the actual details. Oh, we are going ahead with it, sure.

Q I noticed the story said that McCarl had approved $1,000,000. for this preliminary work. Is that correct?

THE PRESIDENT: Yes, that is correct. Then, of course, the Government departments wanted five (million dollars) for the preliminary work and I cut that to one.

Q The only reason I brought it up was that it did get quite a play.

THE PRESIDENT: I entirely approve of McCarl's stand that you could not buy land out of relief (money).

Q You do not mind if we quote you as saying the Times' story is cockeyed?

THE PRESIDENT: All right, if the A. P. will guarantee to run it. (Laughter)

Q That is safe.

Q I notice Frank Walker is here. Are you trying to make him go to work again?

THE PRESIDENT: I think so.

Q Back at the old job, or have you a new one?

THE PRESIDENT: I don't know; I have not seen him.

Q Do you think they will drop the Bankhead Cotton Act as a result of the opposition?

THE PRESIDENT: I have not heard a word except what I read in the paper about it and the only letter I had was on the constitutional question -- the controversy between two Democratic Senators.

Q Oscar Johnson is reported to have recommended that it be scrapped. He is the AAA Cotton Board manager. I wondered if that would have anything to do with it?

THE PRESIDENT: I do not know; I do not know anything about it.

MRS. ROOSEVELT: It seems to be sprinkling but it will be sprinkling on and off so it won't do you any harm.

THE PRESIDENT: What is a little rain to us sailormen?

MRS. ROOSEVELT: If it does rain we will have to have it (the picnic) indoors in all three rooms.

Q Mr. President, anything new in the textile situation?

THE PRESIDENT: I don't know a thing.

Q You received no answer from them?

THE PRESIDENT: No, I do not think we have had anything on the textiles.

CONFIDENTIAL
Press Conference #145
Executive Offices of the White House,
September 26, 1934, 10.30 A. M.

THE PRESIDENT: You little know what you escaped last night. We had it all planned on the train. I got Starling (Colonel Starling of the Secret Service) in and we had it all planned. We were going to let you fellows stay asleep and at one minute before midnight we were going to get off the train and go back home and all of you people would have waked up in Washington with no President.

Q And no job. (Laughter)

Q We would be down in Richmond by this time.

THE PRESIDENT: We came very near doing it. You little know what you escaped.

MR. DONALDSON: All in.

THE PRESIDENT: I do not think there is any news except the sartorial announcement that I am still wearing a high hat. Otherwise, I do not know a thing.

Q You put a hot one over on us last night.

THE PRESIDENT: What?

Q You gave us a big job up there last night -- General Johnson.

THE PRESIDENT: Why did you have to write so much?

Q Is there any further comment on it?

THE PRESIDENT: No, no further news at all.

Q Can we induce you to comment on the Russian debt situation?

THE PRESIDENT: I have not been in touch with it at all in the last week. You probably know a lot more than I do.

Q Are you a little disappointed over the results of recognition?

THE PRESIDENT: Oh, no.

Q You did not expect any more?

THE PRESIDENT: Oh, it will be worked out some way.

Q Mr. President, have you put out your answer yet to the Chamber of Commerce?

THE PRESIDENT: To the U. S. Chamber of Commerce? No, I think on that, the U. S. Chamber of Commerce -- I don't know whether to put it as off the record or background -- there are a great many organizations in the United States, probably several hundred that are national in scope similar to the Chamber of Commerce. Of course, obviously, if the President of the United States starts answering questionnaires by all of them, it will create a perfectly impossible situation. The Chamber of Commerce is merely one of many.

I think the only other suggestion I would have is that on reading the questionnaire which they did send to me I am very forcibly reminded of the lawyer who put his question in the form of "Have you stopped beating your wife?"

Q Mr. President, when will you announce the new NRA setup?

THE PRESIDENT: I do not know; I haven't any more idea than you have. I will start taking it up today but we have, as you know, been talking about it for several months. I don't think you can guess any particular day.

Q Who will see you on this?

THE PRESIDENT: Again, as I said at Hyde Park, it will be evolutionary. I could not tell you whether it will be today or next week.

Q Have you any appointments with anyone on this topic today -- Mr. Richberg?

THE PRESIDENT: I will probably telephone to various people to talk to me about that and other things. I do not think I have any appointments at all today.

Q Can you tell us when you may see Norman H. Davis?

THE PRESIDENT: He is to be here, I think it is tomorrow. I do not know

yet what date he is going to sail and I will talk with him about the time he is sailing. He is going over -- that we all know. What the steamer will be, I do not know. I think he is due tomorrow.

Q The Textile Union is complaining of the widespread discrimination against textile strikes instead of going back to work Monday.

THE PRESIDENT: I will probably take that up this afternoon.

Q Any possibility of an appointment of the new Board this afternoon?

THE PRESIDENT: I doubt it.

Q In connection with Davis' (Norman H. Davis) visit, have you any new ideas in mind concerning the naval disarmament situation?

THE PRESIDENT: No; just the same thing.

Q Have you anything to say to Secretary Wallace's statement that the Hawaiian Islands were not an integral part of the United States in connection with the suit brought by the Hawaiian sugar planters to test the constitutionality of the Jones Export Act?

THE PRESIDENT: I will bet he is a good lawyer.

Q The Hawaiians seem to think that is in variance with your remarks that the Islands were an integral part of the United States.

THE PRESIDENT: That is a matter that has two phases. We undoubtedly think of Puerto Rico, the Virgin Islands, the Canal Zone, Hawaii, Alaska, speaking in lay terms, as a part of the United States. As to the constitutional side of it, as to whether under the Constitution they are an integral part of the United States as a matter of constitutional law, that is a thing I could not begin to pass on. There are a great many decisions of the Supreme Court and it would take a very careful study of them to express any opinion as to the status of Hawaii in regard to this particular Act. In other words, it is a legal question.

Q Mr. President, how is your railroad program coming along?

THE PRESIDENT: I do not know. I have not heard from Joe Eastman for a couple of weeks. I have not heard anything about it.

Q Mr. President, have you any reactions on the business situation?

THE PRESIDENT: I have not got as many reactions as some of the businessmen have. (Laughter) Nor as many inhibitions.

Q It is football season. May we have something on the football game you once talked about?

THE PRESIDENT: I do not know that you can get anything more except the fact that we still seem to be scoring.

Q What do you think of the RAINBOW (speaking of the sailing races at Newport)?

THE PRESIDENT: Oh, Fred (Mr. Storm), don't ask me that question! (Laughter) I wish I had more news for you. I literally haven't a single thing. I am pretty well cleaned up and I suppose there will be a certain amount of news the next couple of days.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #146
Executive Offices of the White House
September 28, 1934, 4.15 P. M.

THE PRESIDENT: What is the news? I don't believe I have got a single thing. Everything is all quiet. I am going to start in tonight or tomorrow and try to put down on paper what I am going to say on Sunday night.

Q What are you going to say, Mr. President?

THE PRESIDENT: That is in line with what happened at a little dinner -- this is off the record -- a little dinner that was held in New York last night. There were about nine or ten very prominent gentlemen in New York and one of them said that he had just had a talk with a very close friend of his who had just finished reading the President's speech which the President was to deliver on Sunday night and that it was a very serious matter because the President was coming out in complete and full endorsement of anything and everything that organized labor might be doing or might do in the future and that he had read this speech. (Laughter) So I see what you people are up against.

Q Mr. President, did the rumor you heard about last night get into print anywhere or was it just a word-of-mouth rumor?

THE PRESIDENT: The Post carried it and it was carried over the news wires too. Of course it was killed before it got here but I understand that it was carried over the wires.

Q Along that line, we have a report from San Francisco that you will send a message to the labor convention at San Francisco, endorsing the 35-hour week.

THE PRESIDENT: I guess that is another one. Don't I generally send just the usual every-year letter to the --

MR. EARLY: The National but not the State Federations.

Q That is the American Federation of Labor?

MR. EARLY: Yes, always.

THE PRESIDENT: I suppose I nearly always send a letter of greetings; that is all.

Q Mr. President, have you taken up with anyone yet the note from China protesting our monetary policy?

THE PRESIDENT: I am going to see Secretary Morgenthau and Secretary Hull about it in the course of the next two or three days.

Q We understand the communication which the Chinese Government has sent us complains that our silver policy is having a detrimental effect on the internal economic situation there. That is, it is making it more difficult for them to send their silver abroad. Was that anticipated by us?

THE PRESIDENT: By Congress?

Q Yes.

THE PRESIDENT: I do not know. I have not seen the note yet.

Q I thought the general impression prevailed here that it would be helpful to rather than hurt China?

THE PRESIDENT: There are three different schools of thought and they are probably all wrong. In other words, it is one of those things where one man's guess is as good as another.

Q On labor: This Order reducing working hours ten per cent in the garment industry going into effect Monday, is there any possibility of a revision of that?

THE PRESIDENT: There is a possibility of a stay in it for two weeks in order that a hearing may be held by a special committee, but that has not yet been finally decided on.

Q Not finally decided whether there will be a stay?

THE PRESIDENT: Yes.

Q Will that hearing be under NRA?

THE PRESIDENT: Well, it will be by one person or two people or three people, whatever it might be, who have not had any part in the particular questions arising up to that time. In other words, it would be an impartial report.

Q You mean a group yet to be named?

THE PRESIDENT: Yes.

Q On the two weeks' stay?

THE PRESIDENT: If it is going to be, it will be a two weeks' stay, but it is still being talked about.

Q Are you considering a judicial section in the reorganization of NRA?

THE PRESIDENT: Fred (Mr. Storm), that is awfully indefinite yet. We have not got to talking on it. We have been merely talking about the theory of separating the judicial functions which are really in three parts, the enforcement end of it, the labor settlements through judicial means and the code practices settlements through judicial means, and that is as far as we have got. I have stated the whole thing there. We have not got ahead of that discussion. The labor settlement is actually in process of going into effect. We have the National Labor Relations Board, the Steel Board, the Textile Board and other boards.

Q Do you have a new chairman for the National Labor Relations Board? There is a story from Wisconsin that Frank, (Glenn Frank of the University of Wisconsin) wanted Garrison (head of the Labor Board) to come back?

THE PRESIDENT: I wanted him to stay.

Q Have you settled the dispute yet?

THE PRESIDENT: Not yet.

Q Concerning the new setup of NRA, can you tell us how you expect the new boards set up to organize down there? It looks like there will be more time tracing things back from one board to the other --

THE PRESIDENT (interposing): I don't believe there will. One of the objectives is to cut red tape and speed up.

Q Can you give us any example as to how that might be effected?

THE PRESIDENT: No, I don't know anything about it.

Q Any appointments to the Governorship of the Federal Reserve Board or the director of the Federal Reserve Board?

THE PRESIDENT: Not yet.

Q When do you intend to meet with Secretary Hull and Secretary Morgenthau?

THE PRESIDENT: Probably not until Monday.

Q Any other countries involved in that silver situation?

THE PRESIDENT: Not that I have heard.

Q Did you discuss the Lindbergh case with the Attorney General?

THE PRESIDENT: Oh, we have had mutual congratulations around the Cabinet table, that is all.

Q Have you seen Norman Davis on naval disarmament yet?

THE PRESIDENT: I talked with him yesterday and he is coming -- I do not know if he is coming back today or next -- he is coming down next Tuesday or Wednesday for a final talk before he goes abroad. He is sailing on the eighth or tenth on the MANHATTAN.

Q Is it pretty well worked out now?

THE PRESIDENT: Oh, yes.

Q Can you tell us anything about the general aspects?

THE PRESIDENT: Again, in this Naval Conference, we will pursue exactly the same methods we pursued heretofore when Davis first went over to the

other side. There won't be any announcement from here of any kind and any announcement will be made by the American delegation over there -- it is not really a delegation -- the American conferees -- because this is not the conference itself. It is merely a perfunctory and informal meeting of the conferees of the three powers.

Q Any statement contemplated this far in advance? It will depend on what the conferees have to say?

THE PRESIDENT: Everybody has the say.

Q Will it be announced here as to who the conferees are to be?

THE PRESIDENT: Yes.

Q Will that be ready this week end?

THE PRESIDENT: Probably not until next Wednesday.

Q Did you discuss in a general way the political situation in Maryland, and Wisconsin, in which the Republican Party seems to be the New Deal Party and the Democratic Party the Conservative Party?

THE PRESIDENT: No. (Laughter) What did they do in Maryland?

Q The Republican Party, in convention, has endorsed the New Deal.

THE PRESIDENT: It is making it sort of unanimous, isn't it?

Q He has been reading the Sun (The Baltimore Sun), I guess.

THE PRESIDENT: Fred (addressing Mr. Essary), I would not stand for it; take him out and drown him.

Q (Mr. Essary) It is understood that Wisconsin reads the Chicago Tribune. (Laughter)

Q Thank you, Mr. President.

Q Did you say what you were going to talk about Sunday night?

THE PRESIDENT: About twenty-two minutes. (Laughter)

CONFIDENTIAL
Press Conference #147
Executive Offices of the White House
October 3, 1934, 10.45 A. M.

Q (Mr. Lockett) Now people can see you that never have before. Fred Storm is on his vacation.

THE PRESIDENT: That is right too. (Laughter)

I will see if I can find some news in here (looking through a folder) for you.

MR. DONALDSON: All in.

THE PRESIDENT: I do not think there is any particular news. I am seeing Mr. Norman Davis and the Secretary of State at three o'clock this afternoon for a final talk before Mr. Davis sails for London. I am seeing Congressman Byrns in regard to the possibility of stopping at The Hermitage in November on the way to Warm Springs. I don't think I have got any others.

MR. EARLY: None others of news value.

Q Have you given any consideration to the appointment of the Alley Dwelling Commission?

THE PRESIDENT: Yes, I will tell you the exact status of that. The final Order is now being drawn up. The delay was caused by a question over the Civil Service that had to go back and forth a couple of times to the Civil Service Commission and the Attorney General. That is all straightened out and the Order is being drawn up and will be signed probably today or tomorrow.

Q Will be signed and the appointments will be announced?

THE PRESIDENT: Yes.

Q At your last Press Conference you said you thought you usually sent a message of greeting to the A. F. of L. at this convention?

MR. EARLY: Not this year. Miss Perkins went out.

THE PRESIDENT: Miss Perkins went out.

Q Have you given any thought to the successor of Lloyd Garrison?

THE PRESIDENT: No, I have not. We are awfully sorry to lose him. I will have to say this off the record -- no reason you should not know the truth of it -- Glenn Frank said he could not remain Dean (of the University of Wisconsin) and stay in Washington so it sort of put it up to him.

Q Mr. President, on the labor truce proposition, does this involve the acceptance by both sides of arbitration?

THE PRESIDENT: I think probably the easiest thing to do is to read just what I said and not draw any other conclusions. It means just what I said, nothing less and nothing more. I do not think it is useful at this time to try to elaborate because what I said was as clear as I could make it at that time and I cannot prognosticate as to when I will see and when and what we will talk about. I don't know.

Q At your last conference you said you might be able to tell us today who the naval experts would be that were to accompany Mr. Davis.

THE PRESIDENT: I think we will have that by tonight.

Q There is another appointment in the Municipal Court -- in fact, two.

THE PRESIDENT: They keep coming up all the time. Count (Rudolph de Zappe), I have not done a thing. I will have to ask the Attorney General for his selections.

Q The railroad situation seems to be shaping up very fast, particularly from the standpoint of reorganizations. In view of that, do you have in mind sending up railroad legislation early and making it "must" legislation?

THE PRESIDENT: I don't know. I could not say yes or no to that because, frankly, it has not clarified in my own mind sufficiently. At the

Council meeting yesterday, the Railroad Administrator -- I will see if I can find it here (looking among papers) -- he reported that three important reports -- four important reports are nearing completion. One is the report of the extent to which the various transportation agencies are subsidized by the Government directly or indirectly. The second is a report on wages and working conditions of transportation agencies other than railroads, including a comparison with railroad wages and working conditions. The third is a report on the pooling of railroad freight cars in which it is recommended that all box cars be handled on a pool basis. The fourth is a report on the handling of railroad passenger traffic.

Until we get a little further I am not in a position to say anything yet.

Q Can you tell us what you are doing about finding a successor for Lew Douglas?

THE PRESIDENT: What?

(The question was repeated.)

THE PRESIDENT: Oh, heavens; the matter has not been considered yet. We have a very satisfactory Acting Director of the Budget.

Q He will carry on through the preparation of this year's budget?

THE PRESIDENT: Oh, yes; the budget is coming in a perfectly normal way. It has every year before, in spite of stories.

Q Are your plans for PWA and relief work taking such shape that you care to tell us about them?

THE PRESIDENT: No; that would be absolutely guesswork. I could not write a story on it myself if I were paid for it.

Q Getting back to the labor truce for a moment, has William Green communicated with you? It was said that he would hurry to Washington to

confer with you.

THE PRESIDENT: I do not think we have had anything -- no.

Q Any developments on the Chinese silver situation?

THE PRESIDENT: We had a talk about it the other day, the Secretary of the Treasury, the Secretary of State and I, and I think probably, as with most of these diplomatic matters, you will have to get information from the Secretary of State. I understood he was going to see the Chinese Minister and that is as far as I can say.

Q Any plans for taking up the annual wage question referred to in your speech Sunday night?

THE PRESIDENT: The annual wage thing?

Q Yes, sir.

THE PRESIDENT: You mean the annual wage to Government employees?

Q Insuring workmen an annual income.

THE PRESIDENT: I don't think I mentioned that, did I, in the speech?

Q Yes, sir; you spoke of the inadequacy or possible inadequacy of wage minimums for a given short length of time such as a week or an hour or two, to establish living standards.

THE PRESIDENT: That I merely mentioned as one of the things people are beginning to think about.

Q Would you call it an immediate problem?

THE PRESIDENT: Frankly, I don't know. I just mentioned it as something people are thinking about. As a matter of fact, when I first dictated that speech the other day I had an example which would have made more clear that phase of the wage problem.

Last winter, as you will recall, the automobile workers were down here. They were a pretty young crowd, most of those fellows were about 35 years or along there. I said to one of them, "What are you

getting? What is your hourly wage?" He said, "A dollar and a quarter an hour." I said, "Eight hours?" He said, "Yes, sir." I said, "That is $10 a day?" He said, "Yes, sir; that is right." I said, "It seems to me that is a pretty good wage. What are you, a machinist?" "Yes, sir." I said, "I think that is a pretty good wage."

Then he said, "Mr. President, that is a pretty good wage, yes, but last year I only worked 65 days. My total gross income was $650."

I think that particular story emphasizes the thought better than anything else that you can use or I can use as to the reason for thinking in terms of how much a fellow gets by December 31 instead of how much he gets per hour. That is what I was driving at. We are beginning to orient ourselves a little bit differently.

Q Mr. President, you had a request to increase the cattle-buying program in the drought sections?

THE PRESIDENT: To increase?

Q Yes, sir.

THE PRESIDENT: No. I think that most of it is completed. If you will wait a minute I will check up here on the Council report yesterday.

Up to September twenty-fourth, the number of cattle purchased in drought areas totaled 6,074,808. The program contemplates a total purchase of 7,000,000. In other words, it is more than six-sevenths completed -- less than a million still to be purchased. And that was the original program.

Q Mr. President, have you arrived at any decision on filling the RFC vacancy?

THE PRESIDENT: I have not had time to talk about it yet.

Q Mr. President, have you had any estimate of the total cost of the drought to the Federal Government?

THE PRESIDENT: Well, we know we have an appropriation of 525 million and,

naturally, we will stay within that. Whether there will be what might be called the aftereffects of the drought next spring, it is much too early to talk about. I doubt it, personally. If there are after-effects, they would probably fall under the heading of relief rather than drought. In other words, they would be families we expect to get back on their feet before next spring and something might happen and they might not get back.

Q Are you satisfied with the way the housing program is going along? Do you think it has been successful so far?

THE PRESIDENT: I think that Moffett is really very much encouraged on the whole with the way it is getting along. One difficulty with the housing program is that the -- a lot of people connected with the financing of it, the private financing of it, have not taken the trouble to read the Act so that it is more a question of education than anything else. There are a lot of building and loan associations and banks which are a little slow in coming along but, on the whole, the pickup is very good. It takes time for them to find the time to read what it is all about and, when they do read it and get it explained to them, they come along. Considering the fact that it has been going a very short time, both Moffett and I believe it is making real progress.

Q In that connection, isn't it true that the Housing Administration is not particularly concerned with banks making loans under its own plan, just so they make loans?

THE PRESIDENT: Yes.

Q So the total number of applications to the Housing Administration or through the Housing Administration would not be a good index?

THE PRESIDENT: Before I attempted that, I would have to find out how many loans any given bank had made on their own plan.

Q Wouldn't the increase in building permits and for operations of that sort from the Bureau of Labor index be a better index over a period?

THE PRESIDENT: Only if you analyzed them. You could not take any table of figures because you might be taking a $10,000,000. office building.

Q I understand they are broken down into items.

THE PRESIDENT: Are they? Well, that is a helpful suggestion and I hope you are right.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #148
Executive Offices of the White House
October 5, 1934, 4.15 P. M.

Q Mr. President, is there anything you can say on the progress of the Housing Administration so far?

THE PRESIDENT: We talked about that the other day and I got a letter here from Mr. Moffett that gives a great many figures. I don't believe you all want the figures. Do you see any reason, Steve, why we should not take this letter out to the Press Room and use the figures if the Press wants to?

MR. EARLY: I don't see any reason why not.

THE PRESIDENT: It is a two and a half page letter. If you want the figures you can have them. Here are some of the high spots: Moffett sent out contracts to all types of financial institutions, 23,300 institutions, and a little over 8,000 have accepted the contracts -- in other words, about 35 per cent. The average amount of existing loans made is $443. and the average amount of the makers' income is $2711. The average maturity of the loans is twenty-six months. The loans have been made in forty-eight states.

Moffett then goes on to say that the banks generally are unfamiliar with the Personal Credit Installment Payment Plan and we (F. H. A.) are required to carry on an extensive educational campaign.

> (Reading) "The American Bankers Association have provided us with liaison officers for every state in the Union, who are helping us to carry on the educational program. New banks are accepting our contracts at the rate of approximately fifty per day. Loans reported each day show an increase of forty per cent over the corresponding day of the previous week, ... Considering the short period of time we have been operating, I think we have made rapid progress and, to my mind, the success of the operation will equal our most optimistic expectations. . . . . The pro-

> position is dependent on the public individuals' willingness to purchase, and the private financial institutions' willingness to lend. The operation has shown a steady, natural growth since its inception, and will gather momentum as the educational and community campaigns increase."

Then he quotes a telegram which I cannot give you the name of the sender because it would be advertising a private company. It is addressed to him and says that a countrywide survey of the progress of the private housing program has just been completed and the results of this survey prove that "you should be gratified with the excellent work your organization has done.

> "I find business encouraged because Government is stimulating the flow of private capital by means of this Act. Business will accept the opportunity to assist you in employing private initiative to stimulate business and employment. My field reports indicate that although a great many banks have qualified, many are reluctant to furnish money. Although this presents an important problem, I am not greatly discouraged by this fact and it is anticipated that, at the outset, because of lack of understanding some banks would not be willing to embrace these new ideas until thoroughly educated. (Laughter) As to their profit possibilities, several bankers have informed me personally that they have found this new business profitable.
>
> "As you have been informed, we have organized a credit corporation and applied for the privilege of lending money to home owners to make improvements under the provisions of the National Housing Act. We are supplying credit facilities to those communities where such facilities are not now available.
>
> "Time payments: In the light of our experience with time payment financing before the passage of the National Housing Act, it showed only two per cent loss on such loans and to offer this plan on a nationwide basis is not only a sound business move but also a delightful contribution toward attaining the objectives of the Act. Our analysis shows that no other industry has a greater potential market than the building industry,"

et cetera and so on, the rest being about their own company. That particular company believes that the goal of stimulating a billion, five hundred million dollars' worth of business in the next fourteen months is an entirely possible achievement.

So much for that. This letter of Jimmy Moffett's, Steve will take it out and you can read it.

Q Mr. President, on September twenty-fourth there was a Proclamation by which the processing tax on sugar from Hawaii will go into the general treasury instead of the treasury of the Territory. Will you throw a little light on that?

THE PRESIDENT: I wish I could. I do not know enough about the details of the plan.

Q It came out today when the State Department --

THE PRESIDENT (interposing): I do not know. It is an accounting proposition, I take it.

Q In view of the apparent ease with which prisoners are escaping from jails, having in mind this recent Richmond break, is the Department of Justice doing anything to try to counteract that?

THE PRESIDENT: I took that up with the Attorney General as soon as that Richmond jail escape occurred and asked him what the general policy was. Of course the Richmond Jail was a city or state institution. He wrote me this (indicating memorandum) and gave it to me today. On account of the poor conditions prevailing in many of the jails throughout the country, the Department of Justice, partly for its own protection and partly to stimulate improvement in such jails, make it a rule not to place Federal prisoners in institutions which as a result of examination do not measure up to a required standard.

> (Reading) "I think you might be interested to know that the Richmond jail did not come up to the Federal standards and in August, 1933 the United States Marshal was instructed to remove the Federal prisoners therefrom and to make no further commitments of any type of Federal prisoners to that jail."

That was the jail from which two desperate prisoners sentenced to death recently escaped and the prisoners were not Federal prisoners.

In other words, we are trying to improve the standard of city and county and state jails throughout the country.

Q Bigger and better! (Laughter)

Q As a result of your conversations with Ambassador Davis are you at all optimistic as to any possibility of achieving disarmament?

THE PRESIDENT: That was close to an "if" question. (Laughter)

Q I wonder if we will concentrate on limitation rather than actual disarmament.

THE PRESIDENT: I don't think you had better concentrate on anything. In other words, as I have said before -- this part has to be off the record -- we are very, very sincere in hoping that we are going to get a new Naval treaty next year. The more that is said by Government officials and the more that is said by the Press at this time, the more difficult, frankly, it becomes for these conferees -- I suppose they should be called "conversationalists" rather than conferees -- the more difficult it becomes for them to come to an agreement. That is why I am trying to say nothing about it and I hope very much that you good people won't do too much guessing or stating that our delegation is going to do this or that. What we are trying to do is to get an agreement and the less we talk about it, the more chance we have to encourage a reduction in Naval armaments.

It is not much of a secret that we are seeking to carry out the language of the Washington Treaty, the preamble of the London Treaty that has the whereas clauses in it that state as the objective of all of these conferences a progressive reduction in Naval armaments as being a very great contribution to modern civilization. I think it is worth noting that the Washington Treaty of 1922 was the very first voluntary step that nations took towards limitation or reduction of

armaments. Previous steps such as the Versailles Treaty could not properly be called a voluntary step. The disarmament of the Versailles Treaty was felt to be imposed by a number of the nations concerned.

What we are trying to do is to carry out the spirit of the previous conferences and seek a continuation of progressive reduction. I don't think it is possible to go any further than that without making it difficult, more difficult for the British delegates, the Japanese delegates and the American delegates -- they are not delegates, that is the wrong word to use -- to sit in a friendly way around the table and get somewhere. Of course things are not in the least bit helped -- this is off the record entirely -- by the kind of statement that was made by our old friend Billy Mitchell the other day at that hearing. Billy Mitchell would be a much more useful person to this country if he would not talk that way.

Q Do you not personally think that we would have to give a little way on such things as our existing ratios if we hope to get the Japs to agree to anything?

THE PRESIDENT: That is entirely speculative.

Q We are not taking an adamant stand on that?

THE PRESIDENT: I think the only way you can put it, the only thing I can say that is truthful, is that we are trying to carry out the objectives and purposes we have been seeking since 1922. I cannot go any further than that.

Q Can you tell us, sir, who may be the next Chief of Staff?

THE PRESIDENT: Fred (Mr. Essary), I won't know that until some time -- I think until about the first of November.

Q Mr. President, is there any change in the Government's price policies?

THE PRESIDENT: Price policies?

Q Yes, sir; as reflected in the NRA Codes?

THE PRESIDENT: The only thing I can do is to ask you to read what I said on Sunday night. That is about all there is we can say at the present time.

Q Mr. President, are you taking any personal interest in the dumping of Japanese Nationals in Arizona? (Laughter)

THE PRESIDENT: I decline to incriminate myself under advice of counsel. (Laughter) I put in a plea of not guilty. (Laughter)

Q Mr. President, what do you think of this idea of a permanent transportation coordinator or a Cabinet Transportation Department?

THE PRESIDENT: Well, you know, as I think I said about a week ago, there have been suggestions for new Cabinet officers for at least half a dozen things. They wanted a Cabinet officer for a new Department of Recreation the other day -- I have forgotten --

Q (interposing) Golf player?

THE PRESIDENT: Recreation, and of course from time to time there are lots and lots of new ideas that creep up.

Q Have you received a report of the Mississippi Valley Committee from Secretary Ickes?

THE PRESIDENT: I have it here on my desk in two huge volumes and I have not opened it yet.

Q You have not looked at it?

THE PRESIDENT: I have not looked at it.

Q Have you a report that a group of industrial leaders are coming down to see you tonight or tomorrow from New York?

THE PRESIDENT: I do not know. I see one or two industrial leaders or bankers every day of my life.

Q This is to be a group.

THE PRESIDENT: I am still pretty husky and will take on all comers. Steve (Mr. Early), do you know anything about it?

MR. EARLY: No, sir.

Q Has any consideration been given to public works appropriations or possible enlargement of the program?

THE PRESIDENT: No.

Q There is quite a lot of speculation going on about it now.

THE PRESIDENT: Again, off the record, for your own information, as you know the method of handling unemployment divides up, so far as the activities we have undertaken are concerned, roughly into three groups. One is CCC camps, one the public works and the other is Harry Hopkins' relief organization which again divides itself into the CWA type of work and the grocery-store order or home relief. Naturally we have been considering and will continue to consider until the fourth of January -- the second or third of January -- the general problem of unemployment, as to how unemployment should be met. Of course public works is one of the methods of meeting unemployment. Now, that is literally as far as we have got. We are discussing the whole subject at the present time rather than in subdivisions of methods. Probably we won't get into the subdivision-of-methods conversations until somewhere around the middle of November. We are looking at it first as a broad picture of unemployment as a whole.

Q The New York power authorities, the trustees, are coming down to visit TVA in the hope of bringing to the Northeast the same law?

THE PRESIDENT: Frank Walsh, who is Chairman of the New York Power Authority, came to see me about three or four weeks ago at Hyde Park and told me that they are very much interested in what the TVA is trying

to do and also what this new board that is studying the general plan for large Federal public works -- I have forgotten the name of it, the planning board or something like that --

Q National Resources?

THE PRESIDENT: That's it, National Resources Board, what they are doing. So I told Frank Walsh that I would be delighted if he would look at the work of the TVA and furthermore I would be very glad if he would sit in at meetings of the National Resources Board without becoming actually a member because there is a local question that if he were to become a member he might forfeit the chairmanship of the New York Power Authority.

Q In that connection, how do the voluntary reductions which have been made by the privately-owned utilities affect that general situation? For instance, the PWA loans for municipal plants?

THE PRESIDENT: The only thing that has come to me was a statement by -- I couldn't even tell you who it was -- but it was the people who put in certain similar although perhaps not identical rate reductions in the territory near Tupelo. They had exactly the same experience as the TVA people had had in greatly increased consumption of electricity and I am told that they are very well satisfied with the experiment.

Q Referring to the TVA again, is there any intention of divorcing the power venture of the St. Lawrence Treaty from navigation in order to get the treaty through at the coming Session?

THE PRESIDENT: No.

Q The treaty will be submitted in the same form?

THE PRESIDENT: It ties together. I will have to make the rest of the answer off the record because we haven't, as far as I know, said anything to Canada about it at the present time. It is possible we might talk with

Canada about certain rather minor modifications of the treaty as it was submitted last year to the Senate but the general principle will remain. You will remember the one question raised about American workmen on the American operation of the project. That is a thing that can be cleared up very easily. I have said that before so you can make it background.

Q The Chicago diversion is a point there; have you considered that matter?

THE PRESIDENT: Yes. I have considered it quite finally some time ago.

Q How about the appointment of a Governor on the Federal Reserve Board?

THE PRESIDENT: No, I haven't thought of it at all nor the RFC vacancies.

Q Is there anything you can say as to how this country might mitigate the effects of its silver program on China?

THE PRESIDENT: I cannot talk about that. The Secretary of State has talked to the Chinese Minister. What the status of those conversations is I don't know.

Q Thank you, Mr. President.

(The Press Conference adjourned at 4.28 P. M.

CONFIDENTIAL
Press Conference #149,
Executive Offices of the White House,
October 10, 1934, 10.40 A. M.

Q Good morning, Mr. President.

THE PRESIDENT: Well, I cameacross yesterday, Count (Rudolph de Zappe).

Q (Mr. de Zappe) Thank you; that was very nice.

THE PRESIDENT: I told Steve (Mr. Early) not to release it until he got hold of you.

Q (Mr. de Zappe) That is very kind; thank you.

MR. DONALDSON: All in.

THE PRESIDENT: I have just been going over the schedule for Roanoke and Williamsburg with Steve (Mr. Early). We will leave here a week from Friday and get to Williamsburg Saturday morning. We get all through about a quarter past one and then I am going to motor over to Yorktown, get aboard the SEQUOIA and cruise leisurely back to Washington. Steve and I just wanted to suggest to you who are going with us, that being Saturday afternoon and nothing to do for the next thirty-six hours, that old Point Comfort and Virginia Beach are quite close to Williamsburg in case you want a week end. We abandon the train at Williamsburg and there is no way of getting home.

Q Could you run the SEQUOIA down to Virginia Beach for us? (Laughter)

THE PRESIDENT: I will try to do that and we will put the lid on as soon as we leave Williamsburg.

Q Are you going to Hyde Park again?

THE PRESIDENT: What happened on that was that we were going to attend the dedication of the Theodore Roosevelt Memorial on the twenty-seventh of October in New York -- that is the new front on the Natural Museum (Museum of Natural History), but yesterday Professor Henry Fairfield

Osborn, the President Emeritus of the Museum, sent word to us that because there had been a good deal of delay in completing the work on the Memorial, they had decided to put off the dedication for at least six months. So I am not going to New York on the twenty-seventh but, as I always prefer to vote in person instead of by mail, we are going to Hyde Park probably the Saturday before election and stay over Election Day for three days. We are not taking any White House staff with us. I think we will put the lid on completely.

Q Have you any fresh advices this morning as to the situation in Europe?

THE PRESIDENT: I have not. I just got down here this moment. I haven't heard a thing.

Q Will you announce the appointment of the administrator to Archives soon, or the Archivist or the Archīvist?

THE PRESIDENT: I don't know; I have always said Archīvist but do not know whether it is right. I have not looked it up.

Q It will be announced today?

THE PRESIDENT: Yes, today.

Q Anything you can tell us about your NRA plans after the visit of the new Board?

THE PRESIDENT: No, no announcement. It will be an evolutionary process.

Q In his comments in Chicago on the Budget, was Richberg speaking for the Administration?

THE PRESIDENT: I did not read his comments on the Budget so I cannot tell you.

Q Have you done anything about a successor for Garrison in the Labor Relations Board?

THE PRESIDENT: I think so and I think it will come out either today or tomorrow. No, I am wrong -- cancel that; that is another board.

(Laughter)

Q What board is that?

THE PRESIDENT: That is the Cotton Textile Board, in the place of Judge Stacey. Steve (Mr. Early) says that is still doubtful so do not say anything about it, but that is the one I had in mind.

Q Mr. President, it has been some time since you said anything on prices. Have you any comment? Do you still wish higher prices?

THE PRESIDENT: Yes. I cannot tell you the exact numbers of dollars and cents. Let us put this as background, so that you can use it for background if you wish.

Over a year ago, after consulting with almost everybody in the world, industry and agriculture and finance, mortgagees, farm credit, etc., everybody was agreed and I think it was pretty nearly unanimous that there ought to be a rise in prices, a very substantial rise in prices, in order to relieve the general debtor-creditor situation. It has been at least a year ago.

I don't know whether I talked on the record or off the record to the crowd but what I did point out at that time was something along this line: That in the Spring of 1933 -- well, let us go back further, in 1929 before the crash, the total of the assets of the United States, the asset column was away over, way above the total of the liability column. On that basis a great many debts had been created. But, from the standpoint of values, according to those prices, the asset column was, taking your pick, anywhere from seventy-five to a hundred and fifty million dollars higher than the liability column. Now, mind you, this is simply repeating what I said over a year ago.

After 1929 the country was confronted with the simple fact that the asset column, in terms of values and prices, was constantly sliding down and the debt column, the liability column, was remain-

ing constant, with the net result, as practically all the figures checked up, that by March 1933 the asset column had sunk down until it was actually lower than the liability column.

Obviously, at that time there were three methods of procedure. This is awfully old stuff, but it holds good today just as it did at that time. In order to bring those columns into a proper relationship so that the assets were greater than the liabilities, so that we would be back in the black again, we could have and many suggestions were made that we could cut the debt column, the liability column, by some rule of thumb procedure. The idea would be that if some fellow owed a thousand dollars by reason of some kind of debt, tell him that he only owed five hundred dollars. Cut the debt structure of the country. Of course that was thrown out as being impossible under our Constitution and law.

The second possibility was to make a very definite attempt to raise the asset column by increasing values. We accepted that, but we also used a part of the third method, which was to do both things at the same time; in other words, to raise values so that the asset column would increase, and at the same time cut down the debt column through various legal methods such, for example, as the Farm Credit organization which materially reduced interest rates to farmers. Of course, interest is a liability as well as principal so that helped to cut down the debt column. Then the loans to home owners, the refinancing of home loans through the various methods that were allowed, that also was a method of cutting down the debt column. The bill that allowed a corporation to go through a new form of receivership was a third method, and there were quite a lot of other methods of cutting down, in a perfectly legal way, the liability column of the

United States.

Now, to go back to the question of prices. We have raised them. It depends on whose figures you take. I won't give you the figures because immediately you get into the argumentative stage; but the fact remains that the values in the United States have advanced very, very materially.

The net result is that the asset column of the United States has gone up a great deal and the debt column has gone down a little bit. We don't think that the asset column has gone up enough yet, and it ought to go up some more.

Now, obviously, I cannot put that in figures of percentage or dollars and cents or indexes. Perhaps you will remember that I have been very, very careful never to accept the theory of the Press that we were seeking 1926 values although it has been very, very often said that that was the definite Administration policy. Of course, I have never said such a thing in my life. Some 1926 values are all right, some 1925 or 1924 values are all right. In the case of farm products, we have by common consent on the farm organizations at that meeting which they held here in the Spring of 1933, they all agreed that we would base what we call "parity" on the average of 1909 to 1914 prices.

In other words, there are a great many factors and you cannot be didactic and take one year for everything.

Of course, obviously, when I say that we want increased prices, it is only fair to put the other side of the picture. We don't want one-way prices or values. That is equally important.

Taking it by and large, the progress on prices and values, considering the comparative shortness of the time, has been pretty substantial, and it will go a little further and that is about as far as

you can go.

Then, of course, there is one other factor in the situation. You haven't asked me this question but it is really on the same general subject, so I might just as well talk to you now. When I was in Newport, somebody brought on board a copy of the dear old Boston Transcript, which I love to see because it reminds me of my childhood days. It has changed very little and it is a splendid paper and always has been. On the financial page there was about a half column head, "Historic events", and "Historic events" consisted of listing the highs and lows of commodity prices of various kinds from 1920, I think, to 1934. Well, I read it, and I said to myself, "There must be something wrong with our finances and business to allow a condition such as shown in those highs and lows." The ordinary layman would say that if there were a rise or a fall of 25% in the price of something that he was interested in, it would be a pretty substantial change. And if it was a 50% rise or fall he would say that it is a whale of a change and he would get a little worried in the ordinary course of things. And yet, if you take the highs and the lows from 1920 to 1934 you will find that the changes were not 25% and not 50%, but they were 500% and 800% and a thousand per cent. It is perfectly amazing and it is well worth looking into the thing to see what the highs and lows have been just in the past few years.

How can anybody plan ahead, how can you have stabilization if prices vary 500 and 700 and 1000%? Look at the range of cotton, look at the range of wheat, look at the range of butter, look at the range of cattle, and so forth and so on. Take any 15 or 20 or 30 different articles in general use and you will find that the range has been, as I say, anywhere between 500 and 1000% just over a little period of

fourteen years.

What we are seeking, obviously for the good of my old friend the average individual, is to prevent fluctuations of that kind. Not "fluctuations", of course not, but fluctuations <u>of that kind</u> in the days to come. Wheat, for example, sold at 36¢ a bushel and then at $2.04 a bushel. Copper was selling at 5¢ a pound and at 32¢ a pound. Butter was selling at 15¢ a pound and 72¢ a pound. Those are not accurate figures but just to give you an example.

That is why we are very definitely trying to raise the price level some more, I don't say how much more and when we get it there to try to keep it within reasonable bounds for a reasonable length of time.

I think that covers that question pretty well.

Q Any immediate plans for doing that?

THE PRESIDENT: No, it has just been the policy of the Administration for about a year and a half.

Q When you do get it high enough, how do you propose to stabilize? What would the machinery be that you will use?

THE PRESIDENT: The only way I can answer that is that we are learning every day. In other words, we cannot say we are going to do this on the 30th of next month and that on the 30th of the following month we are going to do thus and so. There has been a good deal of study given in the late months to the question not only of raising prices but when they get up there to prevent them from going through the roof. We are getting interested in that phase as the price level goes up.

Q Would it have anything to do with the control of gold and the dollar?

THE PRESIDENT: I don't know. I am not enough of an expert on that.

(Laughter) It might be a factor.

Q Richberg, in one of his reports, said that between June, 1933, and 1934 there was a drop of 10% in wages. With the increase in prices, is it reasonable to suppose that this drop would be affected?

THE PRESIDENT: It certainly ought to. You mean real wages, actually dollars and cents?

Q The relationship between dollar volume --

THE PRESIDENT (interposing): Let's put it a little more clearly. Suppose prices went up 10%. The dollar wages of labor certainly ought to go up at least 10%. I think that is the easiest way of putting it.

Q You spoke a moment ago of the liability column coming down and the asset column going up. Have they passed each other, in your judgment?

THE PRESIDENT: I don't know, but I should say, offhand, that they have. In other words, this is again subject to any number of kinds of figures, depending on the person who figures them. But I should say, offhand, that a year and a half ago the liabilities of the country very definitely exceeded the assets of the country and I am inclined to think that today we see the assets up a little bit above the liabilities, but not sufficiently.

Q Mr. President, do you feel yet that the prices have yet reached the point where you could begin to put some sort of a brake on the upward speed? You say you want to keep on raising them, but at some point you will want to slow the process down.

THE PRESIDENT: Well, you cannot very well slow down a process that is crawling.

Q As you approach the thing, you have to gradually stop it?

THE PRESIDENT: Yes, but that is for the future.

Q Comptroller General McCarl -- I mean, the Comptroller of the Currency, Mr. O'Connor, has been a very frequent visitor up here and we have

frequent rumors that he is going to resign his job. Can you comment on that?

THE PRESIDENT: I do not know a thing about it. We have been trying to get as many banks as we can, before the Congress meets, completely cleared up. I cannot tell you the exact figures but I think of the nonlicensed banks there were last January somewhere around 650 and they are now down to 36, as I remember the figures. We are trying to get every one of them cleaned up with this new method that Jesse Jones has been working on. We are trying to get every single bank cleaned up by the first of January, if we can, one way or the other.

Q There are just 36 Federal receivers in charge of banks?

THE PRESIDENT: Oh, my, no. A bank which is definitely in receivership, with a definite method of working out its deposits is not listed in that. In other words, it might be a bank which has got to the point where there is nothing for it to do except to complete the receivership. But that is a decision made. These 36 that I am talking about, as I understand it, are banks which are in process of making a final determination.

Q Have you had a chance to look over the Mississippi Valley Committee's report?

THE PRESIDENT: I took it down on Sunday with me and I did not read it.

CONFIDENTIAL
Press Conference #150,
Executive Offices of the White House,
October 12, 1934, 4.10 P.M.

MR. DONALDSON: All in.

THE PRESIDENT: Steve (Mr. Early) reminds me that this is our 150th Conference. I congratulate you on your powers of endurance.

Q The same to you, sir.

THE PRESIDENT: I think the only news I have is that I signed today the Executive Order establishing the 36-hour week in the cotton garment manufacturing industry, effective on December first. (Reading)

" . . . . The action was taken on recommendation --"

I might as well read it in case there is any question -- (Reading)

"-- of a special impartial committee which had been created under an agreement with the industry that the findings would be accepted as final.

"Under the order, not only will the work week be shortened from the present 40 hours, but weekly wages will be kept at the present total, and piece rates will be increased by ten per cent.

"In addition the order provides:

"1. That a committee of three shall be appointed by the National Industrial Recovery Board to investigate and report by December 1, 1934 on the competition faced by this industry from prison labor and sheltered workshops;

"2. That the existing impartial committee of three be authorized to continue investigation and to report by November 15 on the protests of the sheep-lined and leather garment subdivision of the cotton garment industry; and

"3. That the Recovery Board, on or before January 15, 1935, report to the President on the opera-

tion of provisions in the cotton garment code which govern the granting of exceptions and exemptions. The latter was based on a recommendation of the committee that exemptions should be allowed sparingly and only for good cause since 'anything resembling wholesale exemptions would undermine the Code and the splendid enforcement results which the Code Authority, as now set up, is accomplishing.'

"Today's order grew out of a provision in this code requiring that a study be made of its labor provisions in operation. Hearings were conducted in June at the instance of two competitive industries, dress manufacturing and the men's clothing industry. They resulted in approval by the President on August 21 of an order immediately shortening the work week to 36 hours. On representations of the Cotton Garment Code Authority this order was stayed until October 15 to allow for a new review of the facts.

"The President directed the National Industrial Recovery Board to name a committee of three neutral persons. The Board named Willard E. Hotchkiss, president of Armour Institute of Technology, chairman of NRA's General Code Authority; W. Jett Lauck, prominent Washington labor attorney; and Donald M. Nelson, official of Sears, Roebuck and Company, a member of NRA's Industrial Advisory Board.

"This committee's report and recommendations signed by all three, were approved and adopted in full by the President's order.

"The reason for making the order effective on December 1 was that this would give the industry time to prepare for the change and would not break into the middle of its fall production schedule.

"Furthermore, the committee pointed out, increase of the piece rates would require establishment by the code authority of machinery for the filing of these rates.

"The committee expressed the opinion that the increase in labor costs would not cause any great increase in the price of merchandise, but that this probably would amount to no more than a five cent jump in the cost of a 49 cent work shirt.

"Shortening the work hours was deemed especially desirable by the committee in view of the fact that competing industries, such as dress and men's clothing

manufacturers, are already on the 36 hour week with generally higher wage scales.

"The code authority of the cotton garment industry was commended for 'earnest and well directed effort' at enforcement of labor provisions of its code."

Put it on the mimeograph.

Q In that connection, can you give us a little more on the wage angle? Did you say that weekly wages would be kept at the present total?

THE PRESIDENT: Yes.

Q Will there be any change in the wage rates?

THE PRESIDENT: Well, they get the same pay for thirty-six hours that they were getting for forty hours, after the first of December.

Q That in effect is a raise in the hourly rate, which I suppose is made up in the piece work by that specific increase?

THE PRESIDENT: Yes.

Q This cuts the Garment Code down to thirty-six hours. What is the next move? Do you look for a step of this kind in any of these other fields?

THE PRESIDENT: I do not know. You cannot figure out any general rule on it. These things come up from time to time.

Q I wondered if there are any more coming?

THE PRESIDENT: I don't know.

Q Pleading my own ignorance, wherein does this Order differ from the August twenty-seventh (August twenty-first?) one?

THE PRESIDENT: It does not differ from it except in requiring further study of certain items like sheep-lined garments and things like that and deferring it until the first of December.

Q Is there any import competition?

THE PRESIDENT: On these things? I don't know.

Q In this connection, would you comment on the resolutions by the American Federation of Labor for a 30-hour week?

THE PRESIDENT: No. To tell you the honest truth, I have not read them except what I read in the headlines.

Q Have Secretaries Hull and Morgenthau agreed on what to tell the Chinese?

THE PRESIDENT: Yes. (Laughter)

Q Can you tell us?

THE PRESIDENT: I think they will be ready to -- there is no reason why it should not be made public after they have talked with the Chinese Minister and have made arrangements so that when it does come out it will come out simultaneously both in China and here.

Q Will it satisfy the Chinese?

THE PRESIDENT: I do not know. (Laughter)

Q Is there anything you can tell us about the conflict between the National Labor Relations Board and the Department of Justice as to what should be done legally with reference to the Houde case? (The Houde Company had declined to abide by a ruling of the Labor Relations Board.)

THE PRESIDENT: I have not done a single thing. I never talked with anybody about it. I did not know there was a conflict.

Q In the Houde case, the Labor Relations Board held there was a violation and ordered the Blue Eagle removed, also the majority recommended that the Department of Justice prosecute civilly

but not criminally and yesterday Mr. Cummings made it apparent they were not going to prosecute legally.

THE PRESIDENT: I don't know -- I did not know anything about it. I knew the decision in the Houde case but did not know the other thing.

Q The Committee on Economic Security made a statement today stating that they had divided their work into eleven different phases of the social investigation and there are reports that the program is going to be limited because of difficulties in financing. Is that correct?

THE PRESIDENT: That is a new one on me. We gave them a generous allowance when the thing was set up.

Q I do not know about the Committee itself but the difficulties of which I speak are those of financing any unemployment or insurance or old age pension plan.

THE PRESIDENT: You mean the problem of how they are to finance? Of course that is one of the problems they are to meet, to tell you how to finance it.

Q Mr. President, a group of us talked with Richberg today and got the definite impression for the first time that there will be no judicial organization as such within the N. R. A. but that these functions for carrying out code enforcement and other matters of that sort will be exercised by the Federal Trade Commission, the Department of Justice, as they are now, but with probably some simplification of procedure. Can you give us any idea as to how that procedure will be simplified?

THE PRESIDENT: I cannot tell you the details because we do not know

the details of it yet. I think, Charlie (Mr. Hurd), that it is a mistake to use the word "judicial" in this connection. In other words, it is a perfectly natural error to make because about a month ago I talked about the examination of N. R. A. in regard to three functions, the executive function, the judicial function and the legislative function -- that is, policy making -- and I also explained that the judicial function, as a function, which is a matter of pure theory and not of organization, automatically divided itself into three parts: One portion of the judicial function related to the settlement of disputes between industry and labor. Of course we have made very distinct progress on that by setting up certain boards having quasi-judicial functions. Then the second component part of the function is the setting up of adequate quasi-judicial machinery to settle disputes between one manufacturer and the other. The third component part of the judicial function relates to enforcement but it is not fair to refer to that as judicial because it is only one out of three parts. I think I would use the words "enforcement of codes" as being the more correct term.

As to that, the first thought -- and I think we talked up at Hyde Park about it -- was that we would make every effort to put enforcement into the enforcing branch of Government; in other words, the Department of Justice. But, on further study of it, it becomes perfectly clear -- I suppose the easiest way to put it is this: Perhaps a hundred complaints of failure to live up to codes have come in. Every one of those has to be examined and probably out of one hundred, ninety-five of them

are straightened out without having to resort to the legal machinery of the Government. That would leave, let us say, five of them that would have to be turned over to the Department of Justice. Now, it seems probably better to leave the sifting of those hundred cases in N. R. A. rather than to make the Department of Justice a sifting instead of a prosecuting organization. Therefore, we will leave the investigation, sifting, settlement portion of enforcement in N. R. A.

When, however, you get down to, say, the five cases out of a hundred where you have to start the legal machinery of the Government working, we are trying to work out for that a practical and simple working organization between Justice and N. R. A. and the Federal Trade Commission so that there will be uniformity of policy with respect to all three of those organizations in dealing with actual enforcement cases. As I say, it might be only five out of a hundred -- what the actual details of them are, I do not know. It may be -- just to give you a lead -- that the Department of Justice would send a special Assistant Attorney General to sit with N. R. A. so that he would be familiar with those five cases out of a hundred when they are ripe, and another one over to the Federal Trade Commission to keep in touch with them and see whether the actual enforcement, just to give you an example, would be by the Department of Justice or the Federal Trade Commission.

Q What place has the Labor Relations Board in that judicial setup?

THE PRESIDENT: Well, that is just one of the three operations or parts of the judicial function. It is a separate part; nothing

to do with enforcement.

Q These five cases, then, would be referred jointly to the Justice Department and the Federal Trade Commission or to one individual -- I mean, someone outside -- as to which it has to go to?

THE PRESIDENT: The three decide it.

Q The three -- N. R. A., Federal Trade and Justice?

THE PRESIDENT: Yes. In other words, that is a pure detail of administration. The principal purpose is to have constant watchfulness in order to accomplish quick enforcement in order that we may benefit by the results of such quick enforcement. One of our troubles has been, as you know, that if there was some chiseler somewhere who did not live up to the code, he might make enough money out of chiseling by the six months or a year before they caught him to make it worth while chiseling. Speed is of the essence in this kind of enforcement.

Q In that connection, will some kind of liaison machinery be set up to function between these units?

THE PRESIDENT: Oh, that will be constant. That is the point -- it must be automatic. In other words, every single case that comes to a head immediately is set upon, the same day, by these three organizations.

Q This does clarify one thing: There has been a great deal of question, there has been speculation as to whether some of the Federal Trade Commission or the Department of Justice work will be taken over by N. R. A., and it will not be. There will only be a reference to the established channels?

THE PRESIDENT: Yes.

Q Thank you.

Q The labor boards are acting in violations under the present setup.

I wonder if they will continue in that function?

THE PRESIDENT: What labor functions?

Q The Garrison Board and the N. R. A. will sift the labor complaints while the N. R. A. sifts trade practices?

THE PRESIDENT: I am merely referring to trade practices.

Q This will not settle such difficulties as the Houde case, which involves a labor question?

THE PRESIDENT: No, that is a different thing. These are violations of trade practices we are talking about.

Q Any comment to make on Professor Warren's visit yesterday?

THE PRESIDENT: No. (Laughter) Some of you people got a bum steer yesterday -- several bum steers.

Q Mr. President --

THE PRESIDENT: (interposing) One of the best jokes was this: Old Roy Bulkley came in. We talked about Charlie West and Vic Donahey and conditions in Ohio and never mentioned finance or currency or inflation or deflation in any shape, manner or form. However, we gave you a good story so it is all right.

Q In that connection, could we ask this: Will there be any immediate or near future change in the gold policy? (Laughter)

THE PRESIDENT: I am neither a prestidigitator --

Q (interposing) Yes, sir. (Laughter)

THE PRESIDENT: -- nor an astrologist. Let it go at that. (Laughter)

Q In that connection, Senator Bulkley mentioned what he thought might happen, using very particular care to call attention to

the fact that he thought it might happen and not necessarily you. I think that was probably the reason for these stories, and also brought up our question. He did not think there would be any change immediately but he said he would not hesitate to use the power to use that nine cents difference in there if it became necessary, and he thought it might become necessary. Would you care to comment?

THE PRESIDENT: It was an interesting glimpse into his mind.

Q Mr. President, was it his mind?

THE PRESIDENT: You got a good story out of it, so it is all right.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #151,
Executive Offices of the White House,
October 17, 1934, 10.30 A.M.

THE PRESIDENT: I have not seen you for some time, Fred. You were not covering anything?

Q (Mr. Frederick Storm) I went up (to New York) on a vacation.

THE PRESIDENT: Did you see any of the old crowd?

Q (Mr. Storm) A few of them.

THE PRESIDENT: Most of them were away on the trip (referring to the campaign trip of Governor Lehman).

Q (Mr. Storm) I was very homesick.

THE PRESIDENT: Oh, yes.

Q (Mr. Storm) The objections are starting again.

THE PRESIDENT: To the size?

Q (Mr. Storm) They say they can't see.

THE PRESIDENT: Fred, sit down in that chair. (Laughter)

Q (Mr. Storm) This is great.

THE PRESIDENT: We solved a problem. Nobody could see around Fred Storm so from now on he is the only member of the Press that sits down at the Conference. We put him in a chair. (Laughter)

I do not think there is any news.

Q Mr. President, do you favor Government contributions toward unemployment insurance?

THE PRESIDENT: Oh, gosh, I can't answer that at all. In other words, they are studying it now -- they are working on various plans. One of the plans, for instance, they are working on calls for Government -- no Government contribution but the Government pays for

the overhead for running the plan. I have no idea what recommendation will come out.

Q Mr. President, is the committee from the Roper Council, the Business Advisory Planning Council, that committee on unemployment, working closely with your committee?

THE PRESIDENT: I have no idea. I told them to. (Laughter)

Q Mr. President, there was a story appeared in the paper this morning that a letter has been delivered to the State Department and also to you, requesting the recall of Ambassador Daniels in Mexico because of a speech he made down there last July?

THE PRESIDENT: What has he done?

Q He is supposed to have endorsed the Mexican policy of closing the churches and --

THE PRESIDENT: (interposing) No, I never heard of it. It sounds fishy to me. You had better ask the State Department.

Q Mr. President, it has been some time since we had any general statement on Government policy toward the railroads. Particularly at this time it might be opportune to say something about Government policy on loans. Would you care to mention that?

THE PRESIDENT: I do not think there is anything new on it that is coming up. The only new case is the case of the Minneapolis and something --

Q The Minneapolis and St. Paul?

THE PRESIDENT: That has been in receivership for eleven years and Jones (Mr. Jesse Jones) is trying -- it is obvious they cannot put the road on its feet as an independent operating unit. It would not pay either the banks or the Government to lend them any

money on that basis -- that has been pretty abundantly proved for eleven years -- and in that particular case Jones (Chairman Jesse Jones) is trying to get the nearby railroads to tide it over.

Q I was particularly interested in a Government policy on loans to railroads which are not earning their fixed charges?

THE PRESIDENT: Of course then it becomes a question of security. We have made quite a lot of loans to railroads which are not earning their fixed charges, but the Government has taken what it considered adequate security.

Q A lot of roads are scraping bottom on securities, even?

THE PRESIDENT: Well, that is something that none of us have solved.

Q Was there anything of interest in connection with your conference with Dr. Morgan (Dr. A. E. Morgan, Chairman of T.V.A.) of the T.V.A.?

THE PRESIDENT: No. We went over the general question of what work they are going to undertake next, how much it is going to cost this fiscal year and how much money they will need for the next fiscal year. You might call it a pre-budget survey of their needs for the coming year.

Q Mr. President, would you comment on the fact that in certain states, about twelve I believe, they have a constitutional provision with respect to paupers and that in some of those counties an effort has been made to interpret that as including those on relief, and I think that in one or two counties they have included those in the C.C.C. camps?

THE PRESIDENT: That came up in May a year ago. Also, some people made an effort along that line in 1933, before the Maine election. I

did not know there were twelve states. Are there as many as that?

Q Yes, sir.

THE PRESIDENT: I think I talked about it quite frankly and freely at that time. Under no possible decent constitution could you regard a person who unfortunately happened to be out of work and willing to work, as a pauper. As a simple, straight answer, I don't believe that any court in the land would classify a person who is unemployed and wanted to work and getting relief -- I don't think any court in the land would classify him as a pauper. Furthermore, anybody suggesting it is suggesting a thoroughly un-American procedure. Let it go at that.

Q Would you define a pauper?

THE PRESIDENT: That is a pretty difficult thing to do, off hand.

Q Look around and describe them. (Laughter)

THE PRESIDENT: I sometimes feel that way myself.

Q Can you tell us anything about your conversation with (Myron) Taylor, as to whether or not the steel situation was discussed?

THE PRESIDENT: I am trying to think of what we discussed. Yes, we talked about the general steel situation, all the phases, how much demand there was going to be for this, that or the other thing.

I think we were pretty thoroughly agreed -- I guess we had better keep this off the record because I cannot tell you about conversations with everybody I have seen. I think we are all in agreement that there has been a great deal of loose talk about heavy industries, the idea that it is possible for them to come back immediately if they got all the money and confidence in the world to come back to where they were in 1929. A very obvious

illustration is given by a very simple question: If you had a lot of money, would you build a skyscraper or office building in New York? You would not, because they are overbuilt. Would you build a new hotel in New York? Obviously not, for the same reason. Or an apartment house, I mean of the Park Avenue type? Again you would not, for the same reason. Well, those were the types of construction which were going on in 1928 and '29. There was a great deal of overbuilding. They will serve most of the communities for a good many years to come.

You can take an example at the other end of the line, Poughkeepsie, New York. They have a couple of new office buildings which are not filled, apartment houses which are not filled. The Nelson House and the other hotels seem to have more than sufficient capacity for people. I won't say anything more, and, as I said, this is all off the record.

Now, let us take structural steel alone. I don't think any of them expect structural steel to go back to what it was in 1928 and 1929, and that is a major heavy industry. I don't think Taylor or Grace or any of them look forward to it in any way.

Take another simple illustration, the big electric companies like G.E. and Westinghouse. They were turning out in 1927 and 1928 and 1929 an enormous volume of heavy machinery, turbines and generators, and during those years almost every power plant in the country equipped itself with modern machinery, not only to take care of the needs of the moment but to take care of 20 or 25% excess needs. These power companies have been running along, and just in this past year the total output has increased and in many cases

it is up to and even above the 1929 level. But they have machinery that will last them five or ten years to come. They don't need any more, and the turbines they turn out today are very nearly the same as in 1928 and 1929 -- very few improvements. That is another item of the so-called heavy industries, and that probably won't pick up very much for the next five or ten years.

Take the case of the famous rails we were talking about last spring. The capacity of the four companies that make steel rails is about four million tons a year and yet the railroads, even if they were not scraping bottom, would probably not need more than about a million tons a year because most of the bigger railroads have pretty good rails, heavy rails, and a good many of them have got it even on their sidings. Probably a million tons or a million and a half tons a year for the next few years would serve their needs even if they had all the money in the world.

Most of these people, like Taylor and others that have been down, are in complete agreement that the heavy industries in all probability -- again speaking in generalities -- would not, as a whole, as a whole, go back to 100% production because there is no need for it. That is why I say there has been an awful lot of loose talk about it, but that people who have analyzed it, like the heads of those companies, will agree entirely with me. They see the picture eye to eye.

That is all off the record because, as I say, that is a conversation with one particular visitor.

Q Could we make it general, that you have discussed things with various businessmen, bankers and what not, and leave the names out? This

is pretty good stuff.

THE PRESIDENT: I think it is better not to, and I will tell you why -- because it is almost impossible to write a story of that kind without scaring people. The reason for that is that there has been a lot of loose writing and loose statements made by economists and others that the only way back to prosperity is to immediately revive the heavy industries, and if you go out with a story -- well, it won't be so good.

As a matter of fact, what we all do believe is that the heavy industries are going to pick up very materially. In certain lines they won't go back to anything like 1929 but, in other lines, they will pick up. And there again, you come to two other questions: The first is, what is a durable goods item? Is a refrigerator? Well, some people classify it as heavy goods and some people don't. The easiest way is to put it in the lighter type of heavy goods. Then there will be a big pickup.

Then the other item is the factor that invention is going on all the time. You have the streamlined trains. The railroad people don't know whether the streamlined train is going to be a success from the operating or the popular point of view. If it is a success and the railroads start on it, it is going to make for a big pickup in a new thing. Again it is one of those things you cannot write about unless you are awfully careful not to either over-encourage people or to scare people, and we don't want to do either.

I think, on the whole, we are getting along pretty well.

Q My request came because Governor Black pointed out to the boys around

here that the pickup in the heavy industries was not as great as might be desired and this is the answer to it.

Q Can you tell us anything about your talk with the bankers?

THE PRESIDENT: What bankers?

Q Governor Black and Reynolds and Governor Harrison.

THE PRESIDENT: Only to make a suggestion and that is this: I have been seeing them and others. Don't try, please, to forecast what I am going to say next Wednesday to the bankers. I not only have not written it but have not the vaguest idea of what I am going to say, and what I don't want to have happen is that I am going to do this or that or the other thing, because you will be getting yourselves out on a limb.

The difficulty is that you get yourselves out on a limb and then you have to come back and say that there was great disappointment because the President did not conform to what I guessed. (Laughter)

I haven't the faintest idea of what I am going to say to the bankers. It may be a few words of greeting or I may talk to them about something general or something specific, but I have probably a great deal less idea than most of you.

Q There are two more local appointments?

THE PRESIDENT: Right.

Q And also a successor of General MacArthur?

THE PRESIDENT: There is nothing on General MacArthur. There is nothing on the District because I do not know what they are -- there is a judge?

Q Yes, the Municipal Court.

THE PRESIDENT: What is the other?

Q Two judges.

THE PRESIDENT: Steve (Mr. Early), I told you to get me some names at least three weeks ago and you have done nothing about it. (Laughter)

Q Mr. Jones (Chairman Jesse Jones) when he left here yesterday said he thought there was no need of extending the R.F.C. lending powers beyond January thirty-first except as to real estate mortgage and railroad lines. Does that represent your idea?

THE PRESIDENT: I have not talked to him about it at all.

Q You haven't any ideas?

THE PRESIDENT: I have to find out what he is lending money for and find out how much it should be extended.

Q Can you tell us anything with respect to relaxation of foreign exchange restrictions?

THE PRESIDENT: What kind of foreign exchange restrictions?

Q That is general relaxation of the general restrictions which confine the purchase of exchange to commercial transactions and tourists.

THE PRESIDENT: Is the Montreal silver market interested? (Laughter)

Q There have been stories -- I think the U.P. carried the story.

Q Anything new on currency expansion?

THE PRESIDENT: No.

Q It seems that the number of people on relief would be larger than last winter. I wonder whether you have worked out any substitute for C.W.A. or any way of handling it?

THE PRESIDENT: Not yet.

Q Did you have a report from Benedict Crowell on N.R.A. compliance?

THE PRESIDENT: No. What is he going to report on?

Q I understand he has made a study and report.

THE PRESIDENT: No.

Q Is it likely that housing will fit into P.W.A. or that consideration will be given to more housing work for P.W.A.?

THE PRESIDENT: I think so, without question. On this question of housing -- well, my good friend, Paul Mallon, reminded me of it. He wrote quite a humorous story in the paper last night, Paul did, in regard to the inconsistency of killing little pigs and at the same time putting people out of farms.

As a matter of fact, I think we ought to make certain things pretty clear about housing. We happened to think of it, not on account of Paul Mallon, but because Harry Hopkins brought several things to tell me about and among them he had two projects to work out. One was down at Red House, West Virginia -- you had better check on that, it may be Red Dock or Red Hook or something like that. They are putting it through and there will be about a hundred and fifty families who are going into these small farms that run about an acre of land apiece -- very small. They are miners that came from neighboring towns where they had been out of work for years and had been on relief for the last two years. In order to save money and to save human beings, they are putting them out on these small farms and giving them a chance to buy them. They hope to get a very small industry to go into this community.

Of course, there is no relationship with that type of development on the one side and the sub-marginal farmer on the other side. What we are trying to do on this project of housing is to save humanity.

The other project was down in Arkansas, where they are putting people on small farms, giving them a little house and a few acres at a cost of fourteen or fifteen hundred dollars. I said to the people who showed me the photographs, when I got through looking at them, that it might be a good place to go because I could own my own home in about fifteen years at about one hundred dollars a year.

Then they are doing a grand thing in the development of suburban settlements in the same way. One purpose is to get rid of relief and the other is to give them a chance -- people who have never had a chance.

So, undoubtedly, the housing program with a great many ramifications -- different types -- will be a part of next year's request on Congress, because it is working.

Q Thank you, Mr. President.

(The Press Conference adjourned at 10.45 A.M.)

CONFIDENTIAL
Press Conference #152,
Executive Offices of the White House,
October 24, 1934, 10.45 A.M.

THE PRESIDENT: Stevie (Mr. Stephenson), you did not know about the new rule on Fred (Mr. Storm)?

Q (Mr. Stephenson) I heard about it.

THE PRESIDENT: Yes. You must not get any bigger or they will be talking about you next. The Count (Rudolph de Zapp) and I have passed the growing stage.

Q Groaning?

THE PRESIDENT: Growing.

Q I am sorry.

THE PRESIDENT: (Indicating a pad with a cellophane top) This is the most fascinating thing anybody has ever seen. I take this pad and I write, "I owe you -- let us suppose it is Fred Storm -- $1,000." and I sign it "F.D.R." Now, Fred thinks that is perfectly grand and all I do is say, "You want it?" (The President was writing as he spoke and at the conclusion he handed the pad to Fred Storm, at the same time pulling a lever which obliterated the writing) (Laughter)

Q It does not show on the other side?

THE PRESIDENT: Isn't it perfectly amazing?

Q What about the other page?

THE PRESIDENT: It is all right. (Indicating) There is nothing incriminating.

MR. DONALDSON: All in.

THE PRESIDENT: I am showing the crowd a little gadget by which you can

write something that you do not want anybody to see and then you lift up the leaf and the writing is gone. It is very useful for politicians.

Q (Mr. Stephenson) For politicians and poker players.

Q Mr. President, have you received a telegram this morning from Upton Sinclair in which he points out to you that he has been grossly misrepresented by the newspapers in California in claiming Administration support for his campaign?

THE PRESIDENT: Not that I know of. Have I had one?

MR. McINTYRE: Yes, there is one.

THE PRESIDENT: Mac says there is one outside. I haven't seen it yet.

Q Earlier he said that while up in Hyde Park he quoted you as saying that if you showed a statement dealing with certain public policies, he was sure to be elected.

THE PRESIDENT: What? I do not know what that is. You have me. That is a little too vague. Did it refer to the Central Valley or something like that?

Q He did not specify.

THE PRESIDENT: I do not know; I have not seen it.

Q No comment at all on the California gubernatorial test?

THE PRESIDENT: No.

Q Would you care to outline your views on the central banking system?

THE PRESIDENT: Who raised that ghost? (Laughter)

Q It has been raised --

THE PRESIDENT: (interposing) I only know what I have read about it in the papers. (Laughter) That is a mean answer.

Q Mr. President, yesterday Olson, Chairman of the Democratic State

Committee in California, said it might be necessary for the Federal Government to step in and prevent disorders at the polls resulting from the attempt to disenfranchise and he intimated that he would ask the Department of Justice to intervene. Has any plea been made to you for any Federal --

THE PRESIDENT: (interposing) No. Of course, as you know, in any national election there come in pleas from half a dozen or a dozen states and I don't know -- I do not think the Federal Government has ever intervened in state elections.

Q Guffey here told us about a week ago that arrangements had been made for supervision by Justice agents in Pennsylvania.

THE PRESIDENT: They have a Senatorial committee on Senatorial campaigns.

Q They told us that this equality demand (on naval disarmament) is a take-it-or-leave-it proposition with them, that if they do not get it at London they will go home and get what they want. Any position --

THE PRESIDENT: (interposing) I have not had any dispatches from the other side from Norman Davis. I do not think they have had any meetings, the American delegation, except that one courtesy call on Sir John Simon. So far as I know, that is the only thing that our people have done.

Q I think there is a meeting with the Japs today.

THE PRESIDENT: Is there?

Q Did you promise Sinclair (Upton Sinclair) you would make a statement at any time?

THE PRESIDENT: No.

Q Ambassador Bingham in London made a speech yesterday in which he

said that stabilization between the United States and Great Britain would be a great thing. Would you say anything on that?

THE PRESIDENT: The only thing I can tell you is off the record because I did not know anything about it until I read the Times (the New York Times). Mac (Mr. McIntyre) called me up at midnight and told me there was a Times report. If I have any connection with it, the thing will be that the President repudiates the Ambassador, or something like that. I know absolutely nothing about it.

Q Does that mean you are going to repudiate? (Laughter)

THE PRESIDENT: No, but if I dignified it by comment in any way, if I even said out loud that I did not know anything about it, somebody would say that I repudiated the Ambassador.

Q Is the appointment of a governor of the Federal Reserve Board imminent?

THE PRESIDENT: I hope so; it is overtime. I do not think anything will be done for a few weeks.

Q How about the Federal Board, the National Labor Relations -- Garrison?

THE PRESIDENT: There again I hope we will get something in the next few weeks.

Q How about the R.F.C.?

THE PRESIDENT: I have not given any consideration to it. I told Joe Robinson before he went abroad that I would not do anything about it until he came back. When he was here the other day we did not have a chance to talk about it.

Q Has Sultan's place been decided upon?

THE PRESIDENT: No.

Q Is he a Democrat, do you happen to know?

THE PRESIDENT: I have no idea at all. I never asked him and I probably won't.

Q What do you think of the idea of building equipment and leasing it to the railroads on cheap terms under P.W.A. arrangements? As it is, they have to put up their family jewels to get a loan. Do you think it would be possible to make some easier arrangements for getting these funds as a possible aid to the industries?

THE PRESIDENT: There again it follows too general a question. It depends a little bit on the railroad. We do want to help and we have helped a good deal. We helped on steel rails last year at a pretty low rate of interest. This year, if we help again on steel rails it will be at a lower rate. As I remember, last year it was four and a half per cent. I am inclined to think this year we will be able to cut it down to three and a half per cent.

Q How about security requirements?

THE PRESIDENT: They will have to be adequate; that depends on what security they have.

Q That seems to be the hitch right now; they cannot bring up any more security.

THE PRESIDENT: Yes.

Q Have you anything to say in regard to the oil situation -- the impending price cuts in the mid-continent field?

THE PRESIDENT: No because, frankly, I do not know enough about the details -- they change from day to day. It is a very disturbing situation.

Q Have you given any assurances that the Government is going to prosecute as fully as possible?

THE PRESIDENT: They have sent an attorney down there with several assistants with the thought that if the theory of preventing an enormous surplus is to be carried out we have to have some kind of adequate enforcement, which we have not yet got.

Q Mr. President, have you anything to say about the report from various parts of the country that the Democratic leaders are using the argument that there has been a large Republican leak in contributions in their state?

THE PRESIDENT: It depends entirely on which paper you are writing for. (Laughter)

Q That is pretty generally.

THE PRESIDENT: Well, you know what politicians are. At various places Democrats will claim certain credits and the Republicans will say, "You are trying to buy the election because you are feeding the people." You pays your money and takes your choice according to the paper you read and the candidate you are listening to.

Q Anything for us (the District of Columbia)?

THE PRESIDENT: Didn't you get something yesterday? Didn't they appoint somebody in the Juvenile Court? I think they appointed a lady, or something.

Q Steve (Mr. Early) has forgotten me entirely.

THE PRESIDENT: Steve (Mr. Early), will you do something about it?

Q On this oil enforcement, do you care to say how that will be brought about? Any specific plan?

THE PRESIDENT: I do not know enough about it. What we are trying to get is enforcement.

Q On your speech tonight, will that be ready soon?

THE PRESIDENT: It hasn't been written.

Q What are you going to say?

THE PRESIDENT: I am cutting out all appointments this afternoon, I am going to start on it at two or three o'clock and when you will get it the Lord only knows.

Q Have you reached any determination on price-fixing and production control policies of the N.R.A.?

THE PRESIDENT: No -- that is too big a subject. I can talk about it for an hour.

Q The N.R.A., about two or three months ago, recommended that all P.W.A. funds be held from the State of Georgia until the State complied with the code requirements on the highway work of its own. I wonder if anything has been done?

THE PRESIDENT: I have not heard a word since a month ago.

Q Any representation made from the White House to the N.R.A., if you remember?

THE PRESIDENT: On the Georgia highways?

Q Yes, sir.

THE PRESIDENT: That was Federal Emergency Relief, wasn't it?

Q No, sir; the State took over the contracts when the contractor there lost his blue Eagle and proceeded to pay the same wages he had been paying. The Policy Committee of the N.R.A. recommended that they receive no further funds until they complied.

THE PRESIDENT: Frankly, I have not heard a word about it.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #153,
Executive Offices of the White House,
October 26, 1934, 4.10 P.M.

THE PRESIDENT: I will get you one of those big, deep, leather chairs, if you wish.

Q (Mr. Storm) I find this very nice, Mr. President.

Q (Mr. Stephenson) You are trying to put the opposition to sleep for us.

Q I see the bankers came up here begging today.

THE PRESIDENT: Yes. Who loaned them the quarter?

Q I did; somebody has to have pity on them.

Q You know the real story on that is that there was a reporter out there with a quarter.

THE PRESIDENT: That is the real story. When he came in here, I had the thing off the ticker. It was on the ticker in about three minutes, well covered.

MR. DONALDSON: All in.

THE PRESIDENT: I do not think I have any news at all. There is a complete vacancy.

Q We will have to see about that.

Q Have you been told about Mr. Davis' report in London from the Japanese?

THE PRESIDENT: Has one come in? I have not seen it, unless it is this (indicating). There it is; I have just got it. I have not read it yet.

Q Read it aloud. (Laughter)

Q Have you received the second telegram from Upton Sinclair?

THE PRESIDENT: I don't know. Have I, Mac?

MR. McINTYRE: I do not think so.

Q He makes the statement that every statement made concerning you was in rigid conformity with an understanding with you. Will you please tell us if there was an understanding?

THE PRESIDENT: I cannot take part in any state campaign.

Q Are you going to see Professor Moley any time soon?

THE PRESIDENT: Not that I know of; I haven't any date.

Q Mr. President, can you tell us about your talk with the bankers (Messrs. Hecht, Law and Fleming) this morning?

THE PRESIDENT: Did I see any bankers this morning? Oh, they just came in to start their year, the new officers.

Q Mr. Hecht told us that they came in and offered their services on your all-American team. We asked them what positions they had been assigned and they said that had been left to you. Have you any positions in mind?

THE PRESIDENT: Well, I had hoped to put them out on end. On the other hand, I do not know that they rate being center.

Q Can they carry the ball?

THE PRESIDENT: It is rather difficult. If I called them only a half-back, they would probably be insulted.

Q Do you think they can carry the ball?

THE PRESIDENT: They will all take turns carrying the ball.

Q May I ask one more California question? George Creel said you promised to make another survey of that Central Valley Project. Will you tell us the purpose of another survey?

THE PRESIDENT: Well, the National Resources Board had made a preliminary

survey and I think they were actually engaged last week in making a more detailed survey of it and I think that also brought up the question of the watershed up there. They are going to do that at the same time.

Q Does that mean recommending the project to Congress?

THE PRESIDENT: Well, only in the sense that we are looking them all over. We do not know which ones are going to be listed.

Q The survey will be made by the National Resources Board?

THE PRESIDENT: Just like all their other surveys.

Q Any comment on the action of the Legion with respect to the bonus?

THE PRESIDENT: I had not seen it until three minutes ago when Louis Johnson brought in a copy of the resolution and remarked, off the record, that the headlines in the papers did not exactly describe what they had done. According to him, they "recommended." In other words, Louis Johnson -- this will have to be off the record because you have to get it from Louis Johnson -- told me that in the committee they defeated the language, whatever it was, that "demanded" it and they changed it to "recommend."

Q Mr. President, is there to be a new Comptroller of the Currency?

THE PRESIDENT: Not that I know of. Why, we have a perfectly good Comptroller of the Currency, haven't we?

Q The Comptroller said he had been offered a position as governor of the bank at San Francisco.

THE PRESIDENT: I do not know whether he is going to accept or not. I do not know whether he has made up his mind.

Q Is that governor or agent?

THE PRESIDENT: Agent.

Q Has he been offered the post?

THE PRESIDENT: So I was told by the Federal Reserve Board but you had better check with them because it only came to me third-hand.

Q Mr. President, would you care to reiterate or give us a little amplification of your present views on the Government ownership of railroads? It is quite a timely topic.

THE PRESIDENT: Didn't we talk about it about a week ago?

Q Last spring we did.

THE PRESIDENT: I do not think there is any more on that that can be said. As you know, there are a number of railroads in a weak position at the present time and we are trying to see them through and that is about as far as we have got. I think it is rather important that the names of the weak railroads should be left out. You know which ones they are, but it is just as well not to talk about it out loud.

Q With the Automobile Code expiring next week, do you know of any steps taken to extend it?

THE PRESIDENT: I do not, but they are working on it. The N.R.B. and the Department of Labor; I think they are both working on it.

Q The N.R.A.?

THE PRESIDENT: Yes.

Q Mr. President, has the Budget reached such stage yet that you can say what the funds will be for public works or relief?

THE PRESIDENT: Oh heavens, no; it won't reach that stage until the first of January.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #154,
Executive Offices of the White House,
October 31, 1934, 10.40 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: I have a lot of stuff this morning. By special request of the Count (Rudolph de Zapp) and Russell (Mr. Russell Young), there is no reason why you should not know that the Budget estimates, as they are being made up, will include the elimination of the five per cent reduction on Government salaries. In other words, they will be five per cent more than they were this year, than is being paid now.

Q There is still five per cent of the original to go?

THE PRESIDENT: No, it brings it all back.

Q On what basis are you taking that action?

THE PRESIDENT: On the basis that the cost of living has gone up sufficiently by the first of July next year to justify it.

Q Make the newspaper publishers do the same thing. (Laughter)

THE PRESIDENT: By Jove, I think that is a good idea. Let me get after them.

Q Mr. President, have you had your preliminary figures from the Labor Department?

THE PRESIDENT: No, not yet. They have not come in. I did this on general estimates, that is all.

This will apply the first of July next year, the fiscal year 1936. The figures certainly will not show any justification for changing it the first of January. No question about that.

Q (Mr. Stephenson) Do you think that other businesses can do the same?

THE PRESIDENT: Ask the A.P. yourself. Why ask me to do your dirty work for you. (Laughter)

Q Mr. President, can we take it, then, that you expect a continuing increase in the cost of living between Jamuary first and July first?

THE PRESIDENT: It will go up substantially, without much question. But, at the same time, couple something with that -- it is not fair to use just one-half of it. Couple increases in values thereby lessening the difficulty of paying debts.

Q That is a story for us.

Q Mr. President, do you think then that the October trend in the wholesale price averages, which has been down, will be very shortly reversed?

THE PRESIDENT: October trend? I don't know. It is not out yet, is it?

Q The averages for the first three weeks show rather surprising declines.

THE PRESIDENT: Whose chart are you going by?

Q The National Fertilizer Association. (Laughter)

THE PRESIDENT: It will be interesting to see how that compares with the National Perfumeries Association. (Laughter)

The next order of business is an Executive Order which merges the Executive Council into the National Emergency Council. They have been in large part similar in membership and this order merely makes them one body which is simpler and gets rid of one organization. They are practically the same people that are now on the National Emergency Council. We have added the Chairman of the

Securities and Exchange Commission and the Governor of the Federal Reserve Board. They were neither of them on before.

Q Will there be an executive officer of that Council?

THE PRESIDENT: Just as it is today, Richberg.

Q Is there anything you can tell us on the public works program for the next year or the following year?

THE PRESIDENT: Only what I have read in the papers. (Laughter)

Q The papers say 12 billion dollars.

THE PRESIDENT: Some say 12 and some say 10 and some say 5. You pays your money and takes your choice. In fact, it depends entirely on which paper you read. That reminds me. One man came in the other day and said, "I hear you have a very ambitious public works program, self-liquidating on a 20-year basis." I said, "That is absolutely true. They are planting some black walnut trees in certain areas and it takes them that long to mature."

So far as all these stories go, I think I would avoid guessing for the very reason that final responsibility will be mine and I haven't the vaguest idea at the present time and I probably won't have any until the end of December. We are asking all kinds of departments for all kinds of information so that we will have the whole thing in alignment, relief, public works, soil erosion, planning, and so forth and so on. We are just gathering information, that is all. There isn't another thing to do at the present time.

Q In view of the recent developments and the interest being shown, are you going to recommend that the Costigan-Wagner Bill be passed?

THE PRESIDENT: You will have to give me about twenty-four hours because I will have to check up and see what I did last year. I

have forgotten.

Q You endorsed it. You spoke several times, gave out interviews here after the Rolph thing in California.

THE PRESIDENT: Just give me a chance to see what I said.

Q Will you have to hold back your tax program until you know what the total (expenditures) is?

THE PRESIDENT: Yes, absolutely. The two go together.

Q Can you make any comment on the present status of the naval discussion?

THE PRESIDENT: No, I will have to refer you to London.

Q Have you read the interview given by Ambassador Saito (of Japan) here yesterday?

THE PRESIDENT: No, I just read the headlines.

Q Can you tell us anything about your visit with Stimson (Henry Stimson)?

THE PRESIDENT: As you know, he is a very, very old friend of mine and I have not seen him since he went abroad. He came in and we talked about general world conditions, people he had seen on the other side. There was nothing specific. There was no object to it, just to say, "How do" to him again. He comes to lunch with me every few months.

Q Mr. President, as a practical matter, can all the trucks be brought under regulation?

THE PRESIDENT: All the trucks in the country?

Q Yes, sir; I mean this idea of regulating carriers by trucks.

THE PRESIDENT: I hesitate to talk on the record on that because I do not know what has been found out so far by the various people

working on it.

My own general slant is that you cannot, as a practical matter, regulate every truck in the United States. On the other hand, you probably can regulate regular trucks engaged in regular trucking business. For example, there is a farmer up my way who has a perfectly good truck and when not using it himself he will occasionally take a load down to New York City, if anybody wants to take it down there. He will make $2. or $3. out of it. Now, is he a common carrier? I doubt it. He may do it four or five times a year, but he is not in the business. As to him, there are great difficulties. But as to regularly established trucking lines, that is a different thing.

Q Can you tell us about your talk yesterday with Secretary Morgenthau and the gentlemen from the State Department?

THE PRESIDENT: The State Department was just talking about reciprocity and trade agreements -- nothing specific.

Q Did you discuss the most favored nation --

THE PRESIDENT: (interposing) No, it was not mentioned; it did not come out at all.

Q Have you any comment to make on the Labor Board's handling of the A.P. strike in Cleveland which, at this point, it appears will probably have a successful conclusion?

THE PRESIDENT: I hope it will have a successful conclusion; that is about all we can say.

Q Have your studies with regard to relief needs for this winter come to where you can discuss them at all?

THE PRESIDENT: Not until the end of December. I could not begin to.

I do not know anything about them. The information is flowing in here and will continue to flow for another couple of months. Yesterday, at the Council meeting, we got a report from the Federal Emergency Relief that is so clear and interesting that I asked Steve (Mr. Early) to have the thing mimeographed for you. It relates to the farm surpluses. You will find it outside. It points out that in the previous winter we had fairly large surpluses with depressed farm prices. A large number of people on relief at that time needed food so the Federal Surplus Relief Corporation purchased these various items of food, thereby reducing the surplus and at the same time feeding the hungry people.

It has all the figures in here and it gives also the figures with respect to the purchase of cattle and the processing of them into food. It also points out that this handling of the problem has saved all those cattle from dying on ranges, and that all the meat was used for relief families. It took 58,000 pounds of tin plate, 128,000 carloads of freight and they used unemployed people to actually can a large amount of food which otherwise would not have been canned.

You can read it yourself; it is one of the clearest statements made yet. It was the report to the Council.

Q Mr. President, sometime ago you said that you were considering the problem of handling surpluses through a national granary. Does this report mention the plans?

THE PRESIDENT: That is still very much in the study stage.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #155,
Executive Offices of the White House,
November 2, 1934, 4.10 P.M.

THE PRESIDENT: I thought that this would be a small Conference, that most of you had gone home to vote. I am afraid very much that there is a lack of interest in the ballot.

Q Most of us live here and cannot vote. Can't you fix that for us?

(Laughter)

THE PRESIDENT: I am going home tonight and there is no reason why I should not give you the following which I wrote down three minutes ago. It is quite short but if you don't want to take it Steve (Mr. Early) will give you copies. (Reading)

> "I am returning to my home to cast my ballot as a citizen of the State of New York. I have no hesitancy in making it known that I expect to vote for Governor Lehman and that I hope he will be re-elected.
>
> "In the first place, New York is my home State.
>
> "In the second place, Herbert Lehman served as my Lieutenant Governor for four years and in that capacity earned my admiration as a public official and my warm regard as a man."

Only one more paragraph:

> "In the third place, as Governor he has made good. He has shown courage, energy, fine administrative and executive qualities and, above all, a deep interest in and understanding of the welfare and needs of the citizens of our State."

Das ist alles.

Q Do you expect to see Governor Lehman at Hyde Park before Election Day?

THE PRESIDENT: No, I cannot. He is in the middle of a campaign.

Then I have one other piece of news. I have just signed an Executive Order extending the Automobile Manufacturing Code to February one.

Q As it stands, Mr. President?

THE PRESIDENT: Yes. The Executive Order is long but it changes the date and that is all. I received the request from the Automobile Manufacturers' Association, asking for an extension without change.

No. 2, Steve (Mr. Early) will give you afterwards -- we haven't had time to get it typewritten and mimeographed, you can get it in about fifteen minutes -- a statement -- I will read it to you hurriedly so you can get an idea of it. (Reading)

"With the extending of the Automobile Manufacturing Code, it is my purpose to institute a study which may contribute toward improvements in stabilizing employment in the industry and reducing further the effects of the seasonal factors. The manufacturers themselves have taken important steps since I first discussed the subject with them some months ago.

"In addition to what they have done and are doing in omitting their national shows and staggering the introduction of new models, I believe that we should develop further facts on the seasonal peaks and valleys of production in their bearing upon employment.

"I have not asked the manufacturers to agree that such an inquiry should be made. I have thought it better to bring the inquiry about under my executive powers.

"The manufacturers have cooperated in supporting the Administration's program in the past. I am confident that they will also cooperate with the Administration in this way in serving the purposes of Recovery and will consider with an open mind any practical suggestions that may arise out of the inquiry. And I am also confident that in this I shall have the interest and cooperation of labor."

Then, in addition to that -- does this go out too?

MR. EARLY: No, sir.

Q What is it?

THE PRESIDENT: There is no reason why the fact of it going out should not be known. Do you see any reason why we should not give out the whole letter?

MR. EARLY: You never give out a letter in advance of its being sent.

THE PRESIDENT: Steve says I cannot give it out until it is sent.

MR. EARLY: You can tell them what you are doing.

THE PRESIDENT: I am sending a letter to Mr. Green (William Green, President of the A.F. of L.) and the same letter to Mr. Alvan Macauley, who is secretary (President) of the Automobile Manufacturers' Association. The same letter goes to him and to Mr. Green, telling them that I am going to start this study and pointing out that there are a good many examples which make it very advisable for this study to be made on the question of annual earnings as against the mere question of day rates, and saying that after such investigations it will be possible for me to determine definitely on a factual basis as to whether it will be necessary to arrange for a public hearing, and that I will arrange for a conference with them as soon as I get back.

I give out the letter as soon as it is sent.

Q A conference with labor or manufacturers?

THE PRESIDENT: With me.

Q Is it a labor conference?

THE PRESIDENT: I will have them all in to confer with me.

Q When are you coming back, Mr. President?

THE PRESIDENT: Tuesday night or Wednesday night, I do not know which.

It depends on how much snow we have up there -- I said, "snow."

Q Mr. President, in your statement regarding Governor Lehman in New York, there is no mention of Senator Copeland. Was that an oversight?

THE PRESIDENT: No, I am not taking up anybody else on the ticket.

Q Mr. President, you are voting the straight Democratic ticket?

(Laughter)

THE PRESIDENT: Well, Stevie (Mr. Stephenson), it would be amusing if anybody knew how often I have voted for individual Republicans.

Q Mr. President, what, if any, recourse is left to us if any one of the signatories to the nine-power pact completely disregards the obligations under it?

THE PRESIDENT: Say it again.

Q What, if any, recourse is left to us, if any one of the signatories to the Nine-Power Pact completely disregards the obligations under it?

THE PRESIDENT: I will get out my library on that subject. I think there have been twelve volumes written on it so far.

Q You haven't given any thought to it yet?

THE PRESIDENT: No.

Q Mr. President, any comment to make on the improved condition in the oil industry as the result of your Board's operation in Texas?

THE PRESIDENT: No. Secretary Ickes lunched with me today and was very happy over what he believed to be the fact that this new method seems to be working and that the bootlegging of oil, at least for the moment, has come to an end. He was very much pleased because, as you know, the situation got down to a critical point ten days

ago -- it was touch and go as to whether the thing would blow up in our face or not.

Q Now that you have seen Davis' (Norman Davis) report on the London conference, can we induce you to tell us whether -- or at least comment on it?

THE PRESIDENT: Which report?

Q The report you had on your desk last Wednesday?

THE PRESIDENT: There have been six or eight since then. That (report you mention) is entirely out of date.

Q Anything you can tell us?

THE PRESIDENT: Nothing we can say except that we are still hoping for a favorable outcome.

Q Any comment on Harriman's (Henry Harriman) statement regarding his plea for a housing program?

THE PRESIDENT: Who is that, Averill Harriman?

Q No, the Chamber of Commerce man.

THE PRESIDENT: No. Has he a plan?

Q It was described this morning in the papers.

THE PRESIDENT: I did not know it.

Q He advocated putting some $15,000,000,000. into housing, principally smaller houses.

THE PRESIDENT: Is that all?

Q It is a rather large sum.

THE PRESIDENT: That is almost worthy of a New York Times headline. (Laughter) That is a dirty crack on my part but, Charlie (Mr. Hurd of the New York Times), it is well merited.

Q Mr. President, while we are on housing, has there been any reaction

to plans announced last night for 5 per cent interest on mortgage bonds?

THE PRESIDENT: Not yet. Of course I have given a great deal of thought to that question and Moffett is right that probably in certain areas of the country that have 8 or 10 or 12 per cent interest it is going to prevent or slow up private capital going into mortgages on a lower basis, but it is a part of the general plan throughout the country looking toward the reduction of exorbitant and usurious rates, and the principle is more important than anything else at this time. We have to educate people that if they get a sound, insured mortgage under present conditions 5 per cent is quite enough for money to earn. I am sure that there will be plenty of people glad to put out their money for 5 per cent even in those sections of the country that charge 10 or 12 per cent. I feel very strongly on that subject. One of the things that has prevented progress is usury.

Q Senator-Elect Bilbo is coming in to see you?

THE PRESIDENT: He is coming in to see me in about twenty minutes.

Q Thank you, Mr. President.

(The Press Conference adjourned at 4.20 P.M.)

CONFIDENTIAL
Press Conference #156,
Held in the President's Study at Hyde Park,
November 7, 1934, 1.10 P.M.

THE PRESIDENT: I commend to your attention -- you can take it away and read it if you want -- last night's editorial written in the Brooklyn Daily Eagle. It is probably one of the best things that has been said about Government in a long, long time. I do not know that there is anything more to say about it than that, but it is an awfully good editorial. I will let you have it if you will give it back to me.

Q Was that in yesterday's paper?

THE PRESIDENT: Yes, written before the polls closed.

Q Does it meet with your hearty approval?

THE PRESIDENT: It meets with my very hearty approval as a statement about Democratic government, that it still lives. If you carry anything about it, you ought to carry the whole editorial and not a part of it because it ties in together.

Q If you were in our position, called upon to write an interpretive piece, would you interpret the verdict as an approval of what had happened or as a mandate to proceed further?

THE PRESIDENT: You must have got to bed early to talk about interpreting stories today. He has a very strong mind.

Q I think it was a slug at gin this morning. (Laughter)

THE PRESIDENT: It must be hell to have to interpret.

Q It speaks for itself.

Q It is, at times.

THE PRESIDENT: It must be terrible. But you know, that is one reason

why -- this is a severe thing to say and I just say it strictly in the family and off the record -- why the American public today are paying less and less attention to news stories because so many of them have become interpretive. That really is true. You pays your money and takes your choice. Now, the press associations have got away from it pretty well and most of the individual papers are demanding interpretive stories. I know how hard it is and I must say it is hell to write them and I think it is a mistake for newspapers to go over into that field in the news stories. They are beginning to lose public confidence in news. I have a sort of sixth sense about the public and they are beginning to lose it more and more.

Q You cannot fool the public.

THE PRESIDENT: It is a very serious question for the future of the American newspaper. I really, honestly believe that.

Q As I understand it, give the people the facts and let them judge for themselves.

THE PRESIDENT: That is the point, give them the facts and nothing else. In other words, reductio ad absurdum. That is the substance, because if I take Henry Morgenthau from Washington back to Dutchess County, there isn't anything behind the fact. But the story that says, "In all probability this means that foreign debt was discussed," or something like that, that is not news, that is just a wild stab in the dark, which is wrong, 99 per cent wrong at times. But, on the other hand, your own offices call for that sort of thing and what the hell are we going to do about it? Do you think that is wise? I know you don't agree with that.

Q If we had some inkling about what Morgenthau talked about, we would be justified in intimating that.

MR. McINTYRE: His argument is that anybody who reads it does his own interpreting.

Q If we actually knew --

THE PRESIDENT: Yes, if we talked debts, yes.

Q That is the way I feel about it. It is the feeling of the newspapers themselves.

THE PRESIDENT: It is not the feeling of any of you people, I am thinking about the general policy of the people who run individual newspapers in this country in going into the interpretive features of it rather than the news.

Q Do you think there is a public demand for that sort of thing or is it because they have been educated up to it?

THE PRESIDENT: I think there is a big demand. It goes along to the extreme of the Drew Pearson and the Walter Winchell -- that is the extreme of it -- and of course it has been aided and abetted by the popularity, quite frankly, of people like Mark Sullivan.

Q May I say something and put yourself in our place --

THE PRESIDENT: (interposing) I do all the time; that is just it.

Q We get a query on it from twelve up to two at night that a fellow says this about it --

THE PRESIDENT: (interposing) And so you have to say something?

Q We don't have to but nevertheless it is what we are here for.

THE PRESIDENT: Of course it puts an awful burden on the Government end of it. For example, as a concrete case, the other day, last Friday, somebody said, "Are you including Copeland in this?" I

should have gone into a long explanation when I said I was going to vote for Lehman. I said, "No, I am not including anybody but Lehman." I should have gone ahead and explained it but I did not do it because I forgot to.

Q That did leave (room for) an interpretation there but I think the average fellow knew you didn't mean it that way.

THE PRESIDENT: I was so simple that I did not think of it at the time.

MR. McINTYRE: That is one case where he did not blame the boys.

THE PRESIDENT: Not a bit -- that was my fault.

Q Mr. President, do you think the ordinary -- I won't say the ordinary but the intelligent reader of a newspaper is in a position to form, to judge on a bare presentation of the facts?

THE PRESIDENT: Pretty close to it, yes.

Q I should say so.

Q It is not from lack of intelligence but merely because they are out of the atmosphere in which it is occurring. I personally think that the reason the newspapers are going in for more interpretive writers is because there is an overwhelming demand for it.

Q There is a demand for gossip.

Q I am not referring to gossip so much. I am speaking of interpretation. They want the best opinion they can get, even if they read three or four in order to get different interpretations, on the ground that they want it from competent observers, particularly at a time like this when there is so much doubt.

THE PRESIDENT: Again you get into the difficulty of any person writing interpretive stories. For instance, Mark Sullivan -- a great friend of mine -- if Mark wrote once a week he would be much more

effective than if he wrote once a day. No human being can write a story once a day. He has to write a whole lot of pure bunk in order to fill his space.

Q I believe a lot of the papers are demanding interpretive stories simply on a competitive basis with Time Magazine and so on. They all want their readers to believe that they have the same sources of inside information, whether they have or not. The others purport to have and do not have.

THE PRESIDENT: I think it is one of the most difficult problems we have and the only reason I am talking about this at all is that I do sense that newspapers have a lot less influence than they had fifteen or twenty years ago.

MR. McINTYRE: Of course, if I were on that side of the fence instead of this, I could make a very interpretive --

THE PRESIDENT: How?

MR. McINTYRE: Give the boys that write those stories a little more leads.

THE PRESIDENT: By God, I give them all the leads I can think of. I don't want to get into the dissertation stage.

Q Of course, Mr. President, our job is always finding out what you are going to do.

THE PRESIDENT: About two-thirds of the time I do not know.

Q Mr. President, do you expect any change in the relief policy before Congress meets?

THE PRESIDENT: No. Well, there I can give you something but we will have to make it off the record. I have to keep it off the record because we don't know what the thing is going to develop into.

Q Do you mean off the record or just background?

THE PRESIDENT: Absolutely off the record so you will know what we are thinking about. It has not got to the stage of background because you cannot write about it without giving the slant that we are going to do something one way or the other. It is almost impossible.

You take this morning, I was talking to Jim Townsend, who is County Chairman here. He knows this county extremely well. I was talking to him about the people on relief in this county. Of course this was not from a political angle at all. I said, "How many of them do you think are chiselers?" "Well," he said, "I should say somewhere between 15 and 20 per cent." I said, "So where are they?"

He said, "Here is where they come in: you will find in the relief office at Poughkeepsie that three or four of the girls employed there come from families who have plenty of money to get by with. The girls don't need relief. Then, they hired fourteen engineers and of the fourteen engineers only about three of them were engineers who were absolutely up against it." I said, "Are there any more engineers up against it around here?" He said, "Yes, there are lots of them."

He told me about the eleven who could get by.

Then you get out into the towns and the human element comes into it. It does not make any difference whether it is a Democratic township or a Republican township. It comes through the supervisor and naturally they pick their friends first. It is a very difficult problem to handle as at present constituted.

Now, if that is true in Dutchess County, it is true in every state of the Union. It is not all Democratic and Republican politics, personal favoritism enters into it too. A great deal is personal favoritism. You will help your friends and build yourself up. The local fellow wants to be known as the man who hands out the jobs. It is perfectly natural.

Now, how can we avoid that?

I said, "What is happening to the mental slant of those people on relief?" "Well," he said, "it is bad, for the reason that if it is home relief, a grocery store order or cash, they will barely get by in their families; nobody works and they just bum around all day. There is nothing to do. It is very bad for them, obviously. We ought, if we can, to give them work."

I said, "How about work? A lot of them are on some kind of work." "Well," he said, "I will give you an illustration: In the back part of the Town of Pleasant Valley here, they are putting in a mile of road and they have 150 people, work relief people, on that mile of road. They are supposed to work 8 hours a day. Most of them work 3 days a week. But there is a general feeling on the part of everybody who sees that work that the people who are in charge of them almost give the order, 'Do not exert yourselves. Do not push yourselves. Spread it out as long as you can.'"

Now, that is a waste of money. They probably waste at least 50 per cent of the money spent for labor on that road. It is inefficient.

They had a lot of people this summer around here. They were at work cleaning and cutting grass on the highways. That does

not bring in anything. It is not constructive.

Now, that applies to almost every county in the United States. The result is that most of the relief money spent -- of course part of it is local money and part state and part Federal but the great bulk of it will never come back, not alone to the Government but it won't come back to the Nation in the form of permanent improvements.

Therefore, we are trying to find some method by which all this relief money will be made to do one of two things, either make a practical contribution to the wealth of the Nation such as, for instance, if you take a valley, a little valley, and go in for soil erosion, to prevent the topsoil from running off, to prevent flood damage and to use the land in the best way possible by planting trees and things like that. That is work which, if it is efficiently performed, will give wealth to the Nation. The other thing we are trying to do is to get this money, as far as we can, returned to the Government so that we can pay off the debts. You see, we have to borrow it therefore we are trying to find more and more self-liquidating projects.

The objective, therefore, is twofold -- threefold: First, to eliminate -- don't call it graft -- but to eliminate the 10, 15 or 20 per cent of the people who are on relief and who ought not to be on relief. The second thing is to put the money either into the kind of thing that will add to the national wealth even if it does not come back to the Government or, secondly, into the kind of public works that will liquidate themselves and have the money returned to the Government so that it can pay off the debt

incurred when it was borrowed.

Now, that involves a tremendous search -- you might call it such at the present time -- a tremendous search problem and everybody is working on it. The idea is to see whether, with next year's relief money that is to be divided up between three organizations, really, the C.C.C. camps, public works and Harry Hopkins, to see whether we cannot use all of that expenditure to take people off what we call home relief, that is cash and grocery orders, and put them on useful work instead.

Now, that is the thing we are groping for and we are only in the groping stage. We have no idea how much money it will cost. And, as I said the other day, you can put the figures anywhere from 2 billion to 100 billion. We have no idea of figures but we have an objective. We don't want to come out with new ideas and the objective of spending money in line with objectives unless we know the amount involved and unless we feel fairly certain that if Congress gives us so much money to relieve unemployment for the following year that we will be able to spend all of that money. In other words, unlike public works, the money will have to be put to work quickly.

One trouble with public works at the present time is that you have to plan each project very carefully in order to prevent waste and, when we do allocate the money, we do not have the assurance that it will go to work even that fiscal year. When we do a job, we want to do a 100 per cent job, and that is a difficult thing.

That is, really, the only way I can explain the whole situation to you, the present situation. We have to have something by

the third of January on it. What it will be, I don't know.

Q You expect to present a program, then?

THE PRESIDENT: For example, in looking over all of these 150 or 200 different suggestions to carry out that objective, we must decide that this particular thing looks darn good and lift it out of the general pile and say that that is something we can accept. It is a process of weeding out those things which are out of the question and accepting the things that look pretty good.

Q Is there any indication as yet, any tangible figure at all, on the amount of absorption from these Government rolls into active private industry or business?

THE PRESIDENT: I would say that there is a constant absorption. The only figures we have got are these C.C.C. figures which were given out two weeks ago and which show that of the last batch of the C.C.C. boys who finished their six months or a year in a camp, a larger percentage got jobs than the previous crowd. One reason for it is that the average employer thinks that these C.C.C. fellows are pretty good. They have some training and know how to work and have the right mental attitude and they are glad to employ them.

Now, if we can develop that idea -- not the C.C.C. camps but the theory of developing jobs for fellows that are really jobs and make them work at it, they stand a better chance of being taken back into employment. I would not want to take this fellow on the road who has been cutting grass this summer in Hyde Park. He has been working perhaps 3 days a week and out of every day he has been doing just about 1 hour and 10 minutes of useful work. He has become a working bum. I would not take him on my farm but I

would take the C.C.C. boy at this Staatsburgh Camp.

Q Then the general idea of the work you can put these people on and the way you can get this money out and give the workers a definite education and training and be able to build morale, et cetera, is a big part of the program?

THE PRESIDENT: A big part of the program, and necessarily. It does involve probably more concentrated work on larger projects rather than this absolutely diffused work at the present time of six men working here and ten men working there. In order to make it more efficient we have to do it with infinitely better supervision and of course that calls for larger units, unquestionably.

Q Is there any danger in putting these men to work on definite work projects, instead of keeping them on the roads or on home relief as you call it, thereby -- this is a difficult question to frame -- thereby possibly removing some potential possibilities for construction or industrial work that may be done by industry? In other words, is there any danger of going ahead and spending a great deal of money on roads and buildings, even public buildings, and cutting down the amount of work which may be done by private industry? Must all the work that is being done to give relief, must all that work be non-competitive with private industry?

THE PRESIDENT: Of course building roads does not represent competition. That does not interfere with private business. Putting up a public building does not interfere with private industry. I will give you an illustration: I got a long letter from Joseph P. Day, who is tremendously interested and who is a very old friend of mine. We are carrying on correspondence at the present time trying to

develop ideas. He feels that if we go in for slum clearance in New York City it is going to hurt private enterprise. That is very possible. Well, I wrote him back and I dictated the letter this morning. I told him, "I want you to think about two things before you come down to Washington. The first is this: The cost of a properly financed building is made high because it is very difficult to get private money in" -- he wrote me that he is very much against limited dividend corporations -- "at less than the reasonable expected return of 6 per cent, 5 or 6 per cent. But if you charge 5 or 6 per cent it is almost impossible to provide really cheap housing and that brings up the second question: The objective in New York City is to provide rooms that will rent for $5 per room for a month or say $6 maximum. If it is properly financed, it is almost impossible to turn anything out at less than $11 or $12 a room a month. Now, who are the people we are trying to help in the City of New York? Who are the people living in the slums? They are people having a family income of less than $1,000 a year and there are several hundred thousand families. Those are the people who inhabit the slums. They cannot pay that rental. Of course, you have Fred French's Knickerbocker Village. That eliminates a lot of old tenements but the people there in Fred French's district are mostly financial district workers who are able to pay $13 or $14 a month, which he charges."

Q Do you know what the charges were before?

THE PRESIDENT: Around $6 under terrible conditions.

MR. McINTYRE: Your luncheon has been waiting for you, Mr. President.

THE PRESIDENT: Then, the other thing which I said to Joe Day: "I want

you to think about another thing. It will be an awful shock to you. New York City has seven million people in it. Can it give work to more than six million?" That is a question mark and is an awful shock to, let us say, the real estate people in New York. There are a million people too many. Suppose we could come back to the 1929 level of industry? Wouldn't we still have a million people on relief in the City of New York? A lot of people think we would.

Q What is the answer to that?

THE PRESIDENT: Decentralization of population.

Q Who is going to do that?

THE PRESIDENT: Planning. We will have to invent a new word that is different from "planning". For instance, we are talking with the automobile industry, with General Electric and Westinghouse and the steel corporations about the possibility of their taking small units and putting them away from the big centers, putting them in small towns. The same thing is going on in England and on the Continent. There are probably too darn many people in the big centers.

Q But, if you take a million people out of the City of New York won't you still have a problem? In other words, that won't solve the problem because you will have a million people less consumption there and it will only reduce your unemployment from a million to say 750,000 or 500,000.

THE PRESIDENT: No, because with people living on relief consumption is terribly low. That brings up just one more point which is just a rule of thumb. Suppose I have got an unemployed individual in

the City of New York with a family of three or four, with a wife and several children, on home relief. It would probably cost the Government as a whole, city, state and Federal, about $500 to support him and his family for a year, to pay the rent, buy the food and buy the clothing. That is all that goes to encourage consumption in this country, that $500. Suppose I give him work, useful work, the kind of work I am trying to find, and pay him $1,000 a year in wages. I have doubled his consumption.

MR. McINTYRE: I think we ought to have a distinct understanding before we get out that this is off the record.

THE PRESIDENT: This has got to be off the record. None of it should be printed yet because, as I say, we are merely groping toward an ideal. How far we can get to it by practical recommendations we don't know yet.

MR. McINTYRE: The most important matter has not come up yet. When do you think the pool ought to be split? I am not sure about Vermont yet; that is the reason I am holding out.

THE PRESIDENT: I think Vermont is overboard and I am afraid Michigan is overboard this morning.

MR. McINTYRE: I think about half and half; I think Vandenberg is elected.

THE PRESIDENT: I think so too.

Q Here are some figures but there is nothing about the various states.

THE PRESIDENT: I probably have as good information as anybody this morning.

Q I think you have better information than any of us. Of course we were up all morning studying this.

THE PRESIDENT: There is no question about this. I lose very badly.

Q Every one of us has studied. I do not know who wins.

MR. McINTYRE: I think Grace (Miss Tully) does; she put "D" all along the line.

THE PRESIDENT: Grace started in by saying, "How am I going to vote? I do not know any of these people; I do not know any of these states; I am going to put a 'D' after every name."

Q Then I know who wins.

THE PRESIDENT: That is all right.

Q Did you hear whether Governor Ritchie won in Maryland?

THE PRESIDENT: I asked Charlie Michelson and Charlie did not know.

Q Have you heard about Wyoming?

THE PRESIDENT: It is all right.

Q Did the Governor come through?

THE PRESIDENT: Yes, the whole ticket.

Q Not wanting to do any interpreting, does your statement that you lost on the pool mean that the Democratic landslide was a surprise to you? (Laughter)

THE PRESIDENT: I wasn't going to pass up twenty-eight or thirty dollars, you know. (Laughter)

Q You do not mind if we print you on that, do you? (Laughter)

THE PRESIDENT: I talked to Jim (Mr. Farley) this morning -- and that is also off the record. He said that Rhode Island came through by thirty thousand for Green, which again, off the record, surprised me very much because I thought that labor would have it in for Green ordering out militia and trying to get me to get out the troops.

MISS LeHAND: I am going to eat, Mr. President.

Q Is there anything we can write about the election from the White House?

THE PRESIDENT: I do not know how you can, Fred (Mr. Storm), because, heavens, what can I say?

Q We can begin by saying that you are obviously cheerful, but where do we go from there? (Laughter)

Q Are you going to see anybody later today?

THE PRESIDENT: I do not know of anybody. I am going to see an awful lot of people between tomorrow and next Thursday, flocks of people including, I think tomorrow, Bob LaFollette.

Q Is Phil coming too?

THE PRESIDENT: Yes. (Laughter)

MR. McINTYRE: Don't you think he had his fill of LaFollette? (Laughter)

THE PRESIDENT: I will see lots of people over the week end, just trying to clean up before we go down.

Q Have you had any late reports on Georgia; whether that corn is aged sufficiently for us to tackle it again? (Laughter)

THE PRESIDENT: Ambassador Long has an appointment, Prime Minister Steinhardt of Norway also has an appointment.

Q That is tomorrow?

THE PRESIDENT: Long is tomorrow and I think Steinhardt is the next day.

Q He is Sweden?

THE PRESIDENT: Yes. I really don't know that there is anything at all to say.

MR. McINTYRE: We will notify you of the returns.

THE PRESIDENT: I think Grace is going to win.

Q I picked four or five Republicans there. I know I should have gone right down the line.

CONFIDENTIAL
Press Conference #157,
Executive Offices of the White House,
November 9, 1934, 4.15 P.M.

Q Did you win the pool?

THE PRESIDENT: No; I was next to the worst.

Q I heard that Mac (Mr. McIntyre) is leading, Mr. President?

THE PRESIDENT: Yes, Mac is leading. We have got to hear from Cutting first.

Q It looks like he is licked.

THE PRESIDENT: Cutting is licked? Mac wins then.

MR. DONALDSON: All in.

THE PRESIDENT: We are trying to find out which member of the Press won the Hyde Park pool.

There isn't any news. You are all written out and I am all talked out, so there we are.

Q Mr. President, would it be a good guess --

THE PRESIDENT: Now, wait! (Laughter) Do rephrase it.

Q Might we speculate on the probability -- (laughter)

THE PRESIDENT: I will give you a third guess.

Q Well, to put it politely, is General MacArthur still going to be Chief of Staff after the seventeenth?

THE PRESIDENT: I do not know; I do not know anything about it.

Q Is Farley going to continue as Democratic National Chairman?

THE PRESIDENT: I have done nothing about it.

Q Anything you can tell us about Governor Ritchie's defeat?

THE PRESIDENT: No. Now do not go and say that I declined to say anything about it and therefore my silence was fraught with implica-

tions. I am not saying anything about individuals, either defeated or elected.

Q Can you tell us anything about a budget, Mr. President?

THE PRESIDENT: It is coming along pretty well. I had a nice talk with Congressman Buchanan yesterday and he is going to ask some members of his subcommittees to come up here -- he told you about it -- early in December and we will have a number of the principal tentative estimates ready for those subcommittees. He felt he could not call all (of the members) of his subcommittees together, because the membership of some of the others has practically disappeared -- it has disintegrated or members are serving on the other subcommittees so could not handle both jobs, but I think he said there were four or five of those subcommittees that would be able to go through those estimates early in December. I have very nearly finished; I have only three more departments to go through.

Q Did you reach a total?

THE PRESIDENT: Oh, heavens, no.

Q Could you indicate which subcommittees were --

THE PRESIDENT: (interposing) He (Buchanan) did tell me but I would be afraid -- you had better get it from him. One was the Treasury-Post Office Bill; another was a bill that had four departments, State, Commerce, Justice and Labor. Is that right?

Q That is right.

THE PRESIDENT: I have forgotten the other two.

Q The Great Lakes-St. Lawrence Tidewater Association seems to indicate that there has been some change in the St. Lawrence Treaty since the last session. Has there been any change in that up to date?

THE PRESIDENT: I suppose there is no particular -- that sort of puts me in a hole because I do not know whether I want to answer that on the record or for background. Suppose you put it this way: I think it is perfectly all right because, naturally, I do not want to step on anybody's toes. When Under Secretary Phillips was in Ottawa, he spoke informally with the Prime Minister in regard to one or two small changes which he hoped that we could discuss. That is, really, as far as it has got.

Q Do you recall what the Prime Minister said, Mr. President?

THE PRESIDENT: What?

Q Do you recall what the Prime Minister said, Mr. President?

THE PRESIDENT: Well, he has taken it under advisement.

Q Did you hear of Buchanan's hope of a short session in the Seventy-fourth Congress?

THE PRESIDENT: I always do.

Q Could you tell us whether those one or two small changes had reference to Lake Michigan?

THE PRESIDENT: I can give you this as background, simply repeating what I have said so often to the Chicago papers. They might just as well get it through their heads once and for all and then you won't have to ask questions again. Under common law, if I am a property owner on a stream, I can use the water of that stream for drinking purposes, for feeding cattle, for running a mill wheel, but I have got to put that water back into the stream.

Now, that is common law and if it is the common law between two people that our civilization is founded on, it is certainly common law between nations. The United States has not the right

and never will have the right to divert water from one watershed into another watershed to the detriment of somebody that lives downstream. Furthermore, the Supreme Court has said that it would not be reasonable to divert more than the amount provided for by treaty. And, number three, the Army states in absolutely categorical terms that that amount of water is sufficient for navigation from Lake Michigan out to the Mississippi.

They might just as well get that through their heads in Chicago; they have enough water and they won't get any more water.

Q The power company is keeping up its fight against the Alcorn County Power Plant. After losing in the State courts, they have gone into the Federal courts and asked for an injunction on the ground that it is illegal constitutionally.

THE PRESIDENT: I haven't anything on that.

Q Can you tell us whether you have anything on the Newspaper Code or the Special Newspaper Code?

THE PRESIDENT: Only that I had Heywood Broun and some of your other members at Hyde Park the other day. I promised two things and that is since the hearing was held in December I would take the matter up immediately, and number two, that I hope very much that the Press Associations will take part in these hearings on the general theory that a press association is a news collecting agency and not a country club. That is off the record, that part of it. That is merely for Stevie (Mr. Stephenson) (Laughter)

Q Mr. President, I did not say the Newspaper Code -- I meant to say the Newsprint Code.

THE PRESIDENT: I do not know what has happened on that.

Q I understand it has come to you.

THE PRESIDENT: I haven't it and Mac (Mr. McIntyre) hasn't it and I haven't got it.

Q Any plans over the week end?

THE PRESIDENT: No, except to clean up a lot of things before we go away Thursday. Everything else is all quiet. Lots of conferences.

Q Can you tell us anything about a naval pact in London?

THE PRESIDENT: I will have to tell you this off the record. After I read this morning's papers, I got a bit worried and I called up Bill Phillips and I said, "What is the news from London?" He said, "None," and told me that up to an hour ago there hadn't been anything from Norman Davis, not a thing.

Q What were you worried about?

THE PRESIDENT: It looked quite serious. One or two of the dispatches had it that the British and Japs got into a jam. This is off the record because I haven't any news.

Q There is a report around town that the present Minister to Norway may be replaced.

THE PRESIDENT: That is a report around town. It had not got here until you mentioned it.

Q Is there anything to the report that the Department of Agriculture will give up the Forestry Service, to be transferred to the Interior Department?

THE PRESIDENT: No.

Q Do you contemplate any radio speeches in the near future?

THE PRESIDENT: I suppose when I get back from Warm Springs. In the last radio talk I did not talk about relief and lots of things.

Q It will be on the state of the Nation?

THE PRESIDENT: Sometime early in December.

Q Are you planning to go down to Arlington Sunday (on Armistice Day)?

THE PRESIDENT: Yes, Sunday at eleven o'clock.

Q Have you a telegram from the Acting Director of Housing in San Francisco asking for more money?

THE PRESIDENT: Mac (Mr. McIntyre) says I have got a telegram; I have not seen it yet. It will probably go to Secretary Ickes.

Q They want more housing.

THE PRESIDENT: As I understand it, the Federal Housing Administrator out there reached his quota and wants to get more money.

MR. McINTYRE: He wants to get a quota increase because it has gone over the top.

THE PRESIDENT: Good; fine.

Q Will you make a speech (at Arlington)?

THE PRESIDENT: The one minute of silence, just the way it was last year.

Q Will you say anything about a relief program?

THE PRESIDENT: We are still working on it awfully hard. We have been talking about it once a week every week in the evening. We have had different groups of people.

Q Any tentative figure?

THE PRESIDENT: No.

Q Is the new Federal Reserve Governor in sight yet?

THE PRESIDENT: You are getting warm. Pretty soon.

Q What did you tell the Executive Committee of the railroad executives?

THE PRESIDENT: They were just in to tell me that they were organized --

and ready and I told them any time they wanted to see me to let me know.

CONFIDENTIAL
Press Conference #158,
Executive Offices of the White House,
November 14, 1934, 10.35 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: Russell (Mr. Young) asked a question about a story that was given out about the publication of the volume of naval documents and thereby hangs a tale. I do not think there is any particular news in it but a great many years ago, in 1913, when I first went to the Navy Department I started a tour of inspection and I got up under the eaves in the old State, War and Navy Building and I found a place full of old war records and I went into them to find out what records they were and I found that they were all the Captains' letters from the Captains of the early frigates. They were in awful condition, just all falling apart. They had been loosely bound together somewhere between 1830 and 1840 and book-worms had got in and they were being eaten. We rescued those and shortly after that we started the Naval Records Division in the Navy Department, putting Dudley Knox in charge and this past year I started an experiment which I hope will extend to a lot of other Government publications. We have in the Navy an enormous amount of very valuable historical manuscript material. In the past, the custom has been to print it at a very large expense and hand it out through members of the Administration and members of the Congress free of charge. Last year we got from the Congress an appropriation which I hope will become a revolving fund. It is only $10,000. but it is to be used for the printing of these old Navy records and people will subscribe to them and we will only

print the number of volumes that are subscribed to. They will be printed on better paper than the ordinary Congressional document and will therefore last. We hope to get the revolving fund and we hope to get back the cost of each volume into that revolving fund. In other words, you might say that with that cash capital of $10,000., if the Congress grants this revolving fund, we will be able, eventually, to print all the old historical records.

Q Can you tell us what the price will be?

THE PRESIDENT: It won't be a popular book; it will be a book for libraries, for students, for historians, et cetera. It depends on what it costs. If it costs $5,000. to print and 500 people subscribe, it will be $10. a volume.

Q Have you heard anything from Davis (Norman H. Davis)?

THE PRESIDENT: No, not a word and nothing came in yesterday.

Q Mr. President, would you care to comment on reports that a plan for greatly increased Government control over public utilities is being formulated under your direction?

THE PRESIDENT: Absolutely nothing I know of. There is a report -- isn't there some kind of a power board under the Secretary of the Interior, under his chairmanship, that is working on a report on power? I think so. I am a little vague as to who is on it (the committee) but in any event there is nothing new. It is just co-ordinating activities.

In that connection, I have one more story that has some merit in it. As you know, with all the old departments and new activities, we have been studying the last few months the desirability of co-ordinating them and tying them in together and there have been

various interdepartmental boards, committees -- they were informal, most of them -- they were interdepartmental committees appointed to study and report on this, that or the other thing. So the other day -- I think you had better leave this off the record because it is on me -- somebody came in and said, "What about the report of such and such an interdepartmental board?" I said, "I never heard of it." They said, "Yes, you established it six months ago." I had to go back in my files to remind myself that I had established it.

Under those conditions you are very apt to get lost in the shuffle and so we decided, in the Council meeting yesterday, that we would examine into the number of these boards, how many there are, how many have completed their work -- a good many have already completed their work -- and as to which ones could properly be tied in in such a way that their existence will not be forgotten by the President.

The first step we took was to make the Interdepartmental Committee on Merchant Marine, which was merely a studying committee and which has nearly completed its work, to make that a subcommittee of the Emergency Council, and at each meeting of the Emergency Council the chairman of that subcommittee will be required to report his existence, at least his existence. He may have something interesting to tell us but in any event he will report through the secretary of the Emergency Council, Mr. Richberg. It might be only a report that they are still alive and making progress.

Q Who is the chairman, can you tell us?

THE PRESIDENT: I don't know; it is merely a good example.

Then we created another interdepartmental committee which we have had in mind for some time, but we have created it as a subcommittee of the Emergency Council. Steve (Mr. Early) will give you the names of the people on it afterwards -- it is too long to take it down -- but the object is to tie in all of the Government lending agencies so that the lending agencies will not be doing an overlapping business. Obviously, all of that ties up into finance, therefore the Secretary of the Treasury was appointed the chairman of this subcommittee, which will consist of the Secretary of the Interior, who makes loans to municipalities and extends Government credit; the Farm Credit Administration; the R.F.C.; the H.O.L.C.; the Home Loan Bank Board; the Emergency Administrator of Public Works; the Public Housing Corporation; the Federal Housing Administration; the A.A.A.; the president of the Export-Import Banks; the Commodity Credit Corporation; the governor of the Federal Reserve Board and others.

As I say, that committee will meet from time to time and report back to the Emergency Council on coordinating all of the work of lending by all the departments of the Government concerned.

Now, there may be other committees and as we discover them, they will be made subcommittees of the Emergency Council.

Q Is it likely that the action taken yesterday with regard to the Home Loan Corporation, the Home Owners' Loan Corporation, in closing off all applications because the emergency is over can be duplicated soon in connection with the Farm Credit Administration?

THE PRESIDENT: I do not know; you are a little previous. I cannot tell you that until around the first of January.

Q Are we to assume also that the action in regard to the H.O.L.C. indicates a desire on your part to close up these emergency agencies or to restrict them in their scope as rapidly as recovery permits?

THE PRESIDENT: I do not know. I would not write too much about that because we won't know definitely at all until around the first of January. Of course, in the case of the H.O.L.C., as I understand it, the number of applications they have got in, when reduced to terms of those that will pass, those that will be accepted, will use up the whole $3,000,000,000. Well, they have only got $3,000,000,000. at the present time. What we will do later, I do not know.

Q Can you give us any hint of the status of Dr. Hutchins? There are reports that he is no longer under consideration.

THE PRESIDENT: There has been nothing new on it at all.

Q Mr. President, is there anything new about the Chief of Staff of the Army?

THE PRESIDENT: No and I told Steve (Mr. Early) this morning that I doubt whether there will be until I get back from Warm Springs.

Q Will there be some strengthening of the foreign trade activities of the Department of Commerce in view of the reciprocal arrangements?

THE PRESIDENT: Do you mean more commercial attaches and things like that?

Q I mean the whole activities.

THE PRESIDENT: I doubt it.

Q General MacArthur's term would expire before you got back, would it not?

THE PRESIDENT: I think it expires tomorrow.

MR. McINTYRE: That is the four-year usual term but there is no definite time limit on the appointment of Chief of Staff. He can continue.

THE PRESIDENT: It is just the same way in the Army and the Navy. Any bureau chief stays on until his successor is appointed.

Q Is there any likelihood of asking Congress for more H.O.L.C. funds?

THE PRESIDENT: I was just saying that I do not know. I cannot tell you anything on that until January.

Q Would you care to comment on Chairman Jones' suggestion for modification of the Triple A?

THE PRESIDENT: You mean Marvin Jones? I do not know; I have not heard anything about it. What did he do?

Q He suggested that the benefit be paid on the portion of the crop raised for domestic consumption and that individual restrictions be loosened.

THE PRESIDENT: That is going back to one of the old theories. I do not know; I have not read it.

We are leaving tomorrow afternoon, sometime. I do not know whether you know the schedule. Is there any reason why it should not be given out soon?

(Mr. Early indicated a negative.)

Anybody interested can stay behind and they can see the schedule.

Q What Cabinet officers --

THE PRESIDENT: (interposing) Secretary Hull is going with me and Secretary Ickes. Secretary Ickes leaves after Chipley and Secretary Hull leaves at Knoxville to come back to Washington.

Q How about Senator Norris?

THE PRESIDENT: He could not come because he had a date arranged about six months ago. I am awfully sorry he could not come.

Q So is he.

Q What time do you leave?

THE PRESIDENT: Four o'clock, standard time.

CONFIDENTIAL
Press Conference #159,
In the President's Cottage on the Georgia
Warm Springs Foundation, Warm Springs, Georgia,
November 21, 1934, 10.30 A. M.

THE PRESIDENT: Drape yourselves around. Sit on the sofa, Russell (Mr. Young). Fred (Mr. Storm) does not have to sit down today; he is a little in the light, otherwise he is all right.

Well, I asked the Trustees (of the Georgia Warm Springs Foundation) to come here today because we have been working on this thing for about a couple of weeks now, on the subject of a Birthday Ball. The easiest way to describe it is to give you the letters all about it. Henry L. Doherty suggested another Birthday Ball and we put it up to the Trustees and the Trustees made a recommendation which, really, is in two parts. You will get this thing (indicating mimeographed release). The first is:

(Reading) "to encourage, coordinate and enlarge the present established orthopaedic facilities and services wherever possible so that those already handicapped by Infantile Paralysis may be helped:

"Second - to secure money for the continuance of scientific research which aims at preventing the disease itself and which must be carried on until successful if thousands of our children are to be spared its devastating aftermath.

"For these reasons we feel that the willingness of Colonel Doherty again to place at the disposal of this humanitarian cause the National Committee for the Birthday Ball for the President is a magnanimous action which comes at a most opportune time, and it is our hope that you will again lend the Committee your birthday, not for the benefit of the Georgia Warm Springs Foundation, but for a further effort toward the solution of the problem as a whole.

"At a meeting of the Trustees of Georgia Warm Springs Foundation held today I was authorized to inform you that the Trustees, therefore, recommend to you that Colonel Doherty's offer of service be accepted and that a second Birthday Ball

be held on the occasion of your next birthday in January 1935.

"Furthermore, we recommend, in keeping with the two main phases of the problem as stated above, that

> "Seventy per cent of the funds raised through and by the American public on the anniversary of your next birthday be used directly to help those committees, individuals, doctors, hospitals and other organizations struggling with the task of providing care and treatment in their communities, counties or states for those afflicted with Infantile Paralysis, such funds to be expended within the community or within the nearest geographical unit of which the community is a part; and that
>
> "Thirty per cent of the funds raised be used to maintain and intensify the efforts of medical research to develop preventives of and immunization against Infantile Paralysis with the purpose of eradicating this scourge exactly as medical science has successfully combatted and brought under control smallpox, diphtheria, typhoid fever, yellow fever and other similar maladies."

It means that the money would go, 70 per cent locally and 30 percent for research and none of it to the Foundation.

And then I wrote to Colonel Doherty yesterday and said:

(Reading) "My dear Colonel Doherty:

"Your generous offer of November 8th is most gratifying to me.

"The Trustees of Georgia Warm Springs Foundation have acted on my request for their recommendation in this matter and their suggestions which have my hearty approval are transmitted to you herewith.

"It gives me much happiness to lend my next birthday, January 30th, 1935, to the National Committee for the Birthday Ball for the President for this purpose, in the hope that this effort will bring us nearer to the goal of forever ending the tragic consequences of Infantile Paralysis.

"May I again express, through you, my gratitude to all those who are making my birthday the occasion for serving in this humanitarian cause.

Always sincerely,"

Well, there is the whole thing. Mr. Kannee has copies for you. I think that covers it all right. We have been working on it quite hard for two weeks at various meetings of the Trustees.

Q Mr. President, can you give us the names of the Trustees here today?

THE PRESIDENT: Mr. Leighton McCarthy, Dr. Hoke, Mr. Keith Morgan, Mr. Arthur Carpenter. Then we have the regular meeting of the Trustees the day after Thanksgiving.

MR. CARPENTER: Thanksgiving Day, the afternoon.

THE PRESIDENT: I think this will be a great thing because it means that a great many communities -- and this is not for quotes at all -- a great many communities have not facilities and will now be able either to start their own facilities for orthopaedic work of all kinds or to coordinate their work with the next community that has got it and improve and build up that community. It does not mean every little village will have a hospital but they will be able to get together on a geographical basis.

Q Is that broad enough in certain cities so that if they wanted to pick up children they could use it that way for individual cases?

THE PRESIDENT: If the town has its own hospital, certainly.

Q Do you recall the total raised?

MR. MORGAN: One million, 330 thousand --

THE PRESIDENT (interposing): And 61 cents.

MR. MORGAN: Sixty-one dollars and eight cents.

THE PRESIDENT: I am wrong. (Laughter)

Q Who got that eight cents?

THE PRESIDENT: I think Cary Grayson kept it; I do not know.

MR. McINTYRE: I think that went for postage.

Q Any other news?

THE PRESIDENT: I do not believe there is any other thing. I have been studying all kinds of reports and as a result there will be all sorts of interesting things coming out in the course of the next two or three weeks. Nothing startling. I have been studying this morning a tremendously interesting report on the tying in together of all the map-making facilities of the United States Government. We found that there are several dozen agencies that are making maps and we are going to tie them in together as a first step toward a greater consolidation. It does not mean that one organization will do it but it eliminates a good deal of duplication and will save money.

At the same time, we hope to be able to start the standard key map of the United States. A certain amount of work has already been done on that but it ought to go on for the benefit of all kinds of services, states, municipalities, counties and the Federal Government work. I just use that as an example of the kind of studying we have been doing.

Q Are you planning consolidations on a larger scale in any of the Departments?

THE PRESIDENT: No, these are minor.

Q What is a key map?

THE PRESIDENT: Why don't you wait and let me give you a good story on this? Well, it is a standard topographic map, all on the same scale. We find, for example, that the Government has been doing mapping work on two or three different scales which have no relationship to each other and this standard map of the entire country would take a good many years to complete but would cover every portion of the country.

Q It has been started?

THE PRESIDENT: It has been started.

Q Under what one of these agencies?

THE PRESIDENT: I couldn't tell you; I do not know. The Topographic Survey, I think.

Q Mr. President, in the absence of Joe Smith, I will ask this question: Is there anything new from London? I cannot put the accent to it -- (Laughter)

THE PRESIDENT: No, I haven't had a thing.

Q Mr. President, in the absence of the Count (Rudolph de Zappe), I might ask you --

THE PRESIDENT: (interposing) Have we appointed anybody in Washington. No. The did appoint somebody the other day.

MR. McINTYRE: That got quite a play, so did the power story.

Q In that connection, on power, do you care to amplify --

THE PRESIDENT (interposing) Why don't we wait until Friday and let me talk off the record? Everybody gather around here and let me talk off the record because there are very few of you who are here now who were here two years ago and you will remember that two years ago we had a perfectly grand informal off-the-record talk about TVA, what it was all about, and I think perhaps it will help to do it again.

MR. McINTYRE: I think on part of it you might just give them background and not all of it off the record.

THE PRESIDENT: Most of it will be off the record.

MR. McINTYRE: Yes, I appreciate that.

Q We are for you, Mac (Mr. McIntyre); talk that background. (Laughter)

Q Can you tell us about the new relief plans?

THE PRESIDENT: Nothing on it. There won't be until the third of January. I am just thumbs down on it until the third of January.

Q Did you read Donald Richberg's speech in Atlanta?

THE PRESIDENT: No, did he speak yesterday?

MR. McINTYRE: The day before yesterday.

THE PRESIDENT: No, I have not seen it.

MR. McINTYRE: They say he made a speech.

Q Yes, he did.

Q Governor Talmadge had some suggestions for you the other day. Did he have them up last night?

THE PRESIDENT: No.

MR. McINTYRE: Off the record, we certainly had Gene (Governor Eugene Talmadge of Georgia) on the spot last night.

THE PRESIDENT: We did not talk about the sovereign State of Georgia at all last night.

Q Was there anything in the conference last night?

THE PRESIDENT: No. We talked about the unemployment insurance thing and then here is the thing I have got to give you off the record. I did talk with him a little bit about the idea of a Southeastern Council corresponding with the New England Council and told him what had been the actual experience of the New England Council. It (the New England Council) started off very well and it has lately become, primarily, an organization of the bigger businessmen. It does not have any of the other aspects, the Government officials or the citizenship represented on it and it has tended, in New England, to be a body which passes resolutions and fires them at the heads of individual governors and gets a great deal of the limelight -- has a hotblooded executive secretary, and things like that. In other words, it made the mistake of the United States Chamber of Commerce.

On the Southeastern thing, if they want to develop it, the Governors ought to be a little bit careful.

Q They did organize last night in Georgia Hall, and invited Governor Laffoon (of Kentucky) and Governor McAlister (of Tennessee) and Conner (of Mississippi) to join them on the tenth of December.

THE PRESIDENT: That is exactly the difference. In other words, the New England Council is an association primarily of businessmen and the governors haven't any kind of say in it at all. The New England Council shoots things at Governors' heads.

I told the Governors last night that I thought as a result of my long experience in the big Governors' Conference -- I was on the Executive Committee for four years -- that if they would start a regional conference, all governors and nobody else, it would be an awfully good thing for the Southeast.

Q That is what they did last night.

THE PRESIDENT: There is one very effective local governors' conference and that is the western governors -- that is the Rocky Mountain States and the Coast -- but only the governors attend them and they do not have any outsiders in at all. When I was in Albany we had a conference up there that related to the industrial Northeast to study unemployment insurance, old age pensions and things like that. That was a very effective instrument. But the general thought that I told them about last night was that if we could have five or six regions in this conference -- five or six governors covering the region, that if anything came up between them and the Federal Government we could get them up to Washington, getting five or six governors instead of forty-eight.

Q I think last night they decided to hold quarterly meetings and the governor of the state that holds the particular meeting becomes the governing officer for the succeeding quarter. That gives everybody

a chance to become president of the Governors' Conference.

Q There are reports in Birmingham this morning that Governor-elect Bibb Graves is coming here to see you this morning?

THE PRESIDENT: He is sitting outside.

Q He was going to ask that the Government purchase $100,000,000. worth of State bonds in order to promote a subsistence home project to care for the unemployed.

THE PRESIDENT: That is a new one to me.

Q Will you send him down to our cottage?

THE PRESIDENT: It depends on what he says. He may sneak home over the mountain (Pine Mountain).

Q Mr. Willkie of Commonwealth and Southern said in a statement in New York that he was sure you would give the utility people a chance to give you the facts on TVA. Do you expect to receive any of them?

THE PRESIDENT: That was kind of him. (Laughter)

Q Thank you, Mr. President.

MR. McINTYRE: May we have the Conference (the next Press Conference) at two o'clock, with the understanding that it is for the morning paper release?

Q I might report that we had a meeting last night for the redistribution of wealth.

THE PRESIDENT: Did it circulate?

Q We might also add that I have petitioned the White House Correspondents' Association officials to name a receiver in bankruptcy for some of the boys.

THE PRESIDENT: Are you a creditor?

Q Much obliged.

THE PRESIDENT: Then you do need a receiver in bankruptcy.

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(Mrs. Roosevelt and Mr. Rexford G. Tugwell were present at the Conference)

THE PRESIDENT: Now, first of all, have you any questions before we talk about other things off the record?

Q Are you encouraged by the outlook for foreign trade?

THE PRESIDENT: Oh; I think it is generally picking up. All the figures show that it is picking up. If you want, I will talk to you for a minute off the record on foreign trade because there has been such a lot of perfect nonsense. As a perfect example, take cotton. We are down in the cotton country now and it is something we use all the time. There are definite efforts being made by -- what is the name of that firm in Atlanta? Anderson Clayton (?) -- that type of business man, who is a dealer in buying and selling cotton -- mind you, this is off the record, every bit of it -- there is a real effort being made by the dealers in cotton to maintain the total volume of cotton. In other words, if they get a fifteen million bale crop to sell, they obviously, as commission men, make more money than if they only sell ten million bales of cotton. It is a little like the stock market operations. If you have an average of fifteen million shares a day, you can support three hundred brokerage firms, but if you only have an average of five hundred thousand shares a day, you cannot support as many brokerage firms. Obviously, they want more and more shares dealt in on the Stock Exchange. Obviously, firms like Anderson Clayton like to see fifteen or twenty million bale crops because it is money in their pockets. Now, those people are spreading the rumor

that our cotton exports are falling off for the reason that the price is so much above the world price that other countries cannot buy our cotton. Therefore, they are in favor of cheaper cotton.

Their general -- I won't say "theory", because they know better -- their general effort is to sell the idea to the public that if we have six-cent cotton European countries would buy a good deal more of our cotton. Of course, that is about 98% nonsense. There is about 2% truth. If we do have cheaper cotton, probably we would sell a little more, but only a little more.

Why is the export sale of American cotton decreasing? There are two very simple reasons: The first is that on the other side they are going more and more to substitutes. If you can get that thing out of the State Department when you get home, there is no reason why you should not have a story about it. Breck Long sent home about a month ago a very interesting story from Italy showing that Italy, with government help, had been experimenting on a new cloth made out of 10% cotton and 90% wood fibre. This year they manufactured out of that substitute cotton cloth about two million kilos, which is a lot of cotton. It is roughly about five million pounds of this new cloth. It is a process akin to the rayon process. They take the wood fibre with 10% of cotton and stick it into the rayon process and then they take it out after about half hour through the rayon process and put it into a new process of their own. Probably Italy will be able to get the cost of that new cloth down sufficiently in the course of the next year or two so that they will buy very little of our cotton. Today, Italy takes about a million bales a year. Assuming that this new cloth is a success, it means they will take only one hundred thousand bales instead of a million.

Now, that is only one country that would be doing it. But why is Italy doing it? For all sorts of reasons, the first being that Italy has no exchange with which to buy cotton. She hasn't any money to send out of Italy. Obviously, she wants to keep her money home.

The same thing applies to Germany. Hitler is wearing today a suit made of 90% fibre and 10% cotton. It is a damn' good-looking suit and he points it out with pride to every American that comes.

The most important reason for these substitutes is lack of exchange, because all of those countries have been importing more than they have been exporting and therefore they haven't the money to buy goods on the outside.

Then, there is another reason, and that is that a very large number of nations today who have been buying British cotton cloth and American cotton cloth and so forth, also Czechoslovakian cloth, have now started their own factories. Take Brazil, for example. After the war, in 1920 or 1921, Brazil imported all of its cotton goods. Today Brazil is making somewhere around 55 or 60% of its cotton goods. They are making their own shoes in Brazil for the first time.

Of course, while they are establishing their factories, it means we will be exporting a good deal of machinery, but once that new machinery is set up in Brazil and the Argentine, or any other country, as soon as that is set up and they have begun manufacturing, they will buy less and less of our own goods.

Now, what we are trying to do is to offset that by trying to get special agreements with different countries which are essentially on a barter basis. The thing has only been going for a few months and

it is helping in the sense that it is preventing the situation from getting worse.

I don't think we can look forward to a vast volume of foreign trade, exports or imports, but at least, through these agreements, we can keep the situation from getting any worse, and on some special lines we may be able to add a little here, there and some other place. Of course the total will amount to a great deal, but, so long as the other nations are headed for a self-sufficiency program, we are not likely to go back to the old figures unless there is an entire change of feeling all over the world.

Now, let us take it from another point of view. That was on manufactured goods. On foodstuffs, the European nations have almost all, up to quite recently, except Hungary or the Balkans, been importers of foodstuffs. Now, as you know, there has been an intensive drive all over Europe and England to raise their own foodstuffs. Why? There are lots of reasons. In the first place, they don't want to export the capital. In the second place, they want to be self-sufficient in case of war. They don't want to be caught as Germany was caught in 1914. The German population nearly starved to death. Of course, all that means less demand for our food crops.

It is not our fault. It is not because of our high prices. Not a bit. It is entirely because those nations have a definite policy to become self-sufficient, both in agriculture and industry. We are just up against it and we are doing the best we can to save what is left. I think that is the easiest way to explain the general foreign trade situation.

Q Before you go on to the off the record you were speaking about, may I ask a question about Mr. O'Connor? Is he going out? Has he resigned?

THE PRESIDENT: Which Mr. O'Connor?

Q J. F. T. O'Connor.

THE PRESIDENT: I thought you meant Basil. Has he resigned? No.

Q He has not? The reason I asked was because there was a question as to whether he had been asked to resign.

THE PRESIDENT: I haven't heard a word about it since I left. He still has everything under advisement.

Q Mr. President, is there anything you can tell us on the record concerning the visit of your various power officials here today?

THE PRESIDENT: They are members of some kind of a committee, I could not tell you the name of it, that has on it somebody from the Federal Trade Commission, somebody from TVA, somebody from Interior and one or two from the Power Commission, and they were just working and have been working -- I think the whole thing came out last Spring -- working on a general survey of the power situation, and they are going to talk with me about that tonight.

Q Is that your National Resources Committee?

THE PRESIDENT: No, it is separate from that. It relates only to power.

MR. TUGWELL: Manly can tell them about it. I have forgotten the name of the committee too.

THE PRESIDENT: It is one of the inter-departmental committees to report on the general situation.

Q With recommendations for legislation?

THE PRESIDENT: Yes, and policy.

Q Still on the record, does that visit here mean that you have in mind any new moves of a concrete nature in the immediate future in connection with what you were telling us the other day?

THE PRESIDENT: This has nothing to do with the trip or TVA or anything

like that, except in so far as it relates to general power policy.

Q To get back just for a moment to foreign trade, when you were talking about cotton, was that off the record?

THE PRESIDENT: Yes. I don't think the time is ripe. I just gave you that in order that you might understand the thing in case somebody talks to you.

MR. TUGWELL: We have in the Department of Agriculture samples of that stuff if the boys want to see it.

THE PRESIDENT: There is no reason why you shouldn't get a good story on it. The Department of Agriculture is getting it tested by the Bureau of Standards. Breck Long told me that the stuff feels like cotton and wears like cotton and the only catch is that if you send it to the laundry, they had better not boil it. If it boils it disintegrates into pulp. You can wash it in water up to 200 degrees but not to 212 degrees.

Q On one of our $35-suits, what would it cost in that material?

THE PRESIDENT: They haven't got it down below the cost of a cotton suit, but expect to in the next year on large scale production.

Any old fibre mixed with wood pulp does it. There is an outlet, perhaps, in the future, for Georgia pine in addition to newsprint paper.

Q Do the engineers think that one is a good equivalent of the other?

THE PRESIDENT: They think it is.

Q What sections of the United States would be affected?

THE PRESIDENT: It means -- this is off the record -- it means, quite frankly, that instead of exporting six or seven million bales a year we will have a very large portion of that export cut off and a large portion of the cotton-growing states will have to turn to other things.

Cason Calloway takes pride in saying that he has thoroughly investigated agriculture in Georgia. You could grow anything in Georgia except corn and cotton, and yet those are the two things that the state grows. There is a lot in that.

Q Do you think that European countries can be self-sustaining and self-sufficient?

THE PRESIDENT: Well, of course it depends a little bit on the country. I will give you two examples: Austria and England cannot grow enough foodstuffs to maintain their population. Without any question, I think that is true. There are forty million people in England, which is more than the acreage will support. It is the same way in Austria. On the other hand, countries like Hungary produce more than sufficient to support their population. But they have practically no manufactures. Taking Europe as a whole, they can come pretty close to being self-sustaining. With the surplus of wheat in the Balkan States you would come very close to making up for the deficiencies of wheat in England and Austria and certain parts of Germany.

Q - Where are we going to export our surplus, then?

THE PRESIDENT: This is still off the record. That brings up a thing which is going to appear this Winter. George Peek believes in the old McNary-Haugen Bill and many other people do. It, in effect, would say to the cotton growers and to the wheat farmers of the country, "Go ahead and waste -- go ahead and plant all the wheat you want and we will fix a price for the domestic consumption. We will fix a price for the portion of your crop consumed in this country."

Let us say, in the case of cotton, it will run to fifteen million bales with unrestricted growing. We can use nine million bales in this country. They would be paid a fixed price for the nine million

bales. We would pick some figure and pay them that much for the nine million bales. The other six-fifteenths we will take and dump on the rest of the world. That is the McNary-Haugen theory and, as I said, George Peek still believes in it.

Now, of course, that brings up the difficulty of saying to the other nations, "We are going to dump these six million bales of cotton on you at any old figure." You see the implications? It is a little risky to say that to the rest of the world. They may put up barriers against it.

Q It means, then, intensifying the crop production program?

THE PRESIDENT: It means carrying it along on a definite, orderly procedure. In other words, the first year we plowed under 25% of the crop in 1933. The next year, this year, we restricted it by 40%. This coming year we will restrict it by 25%, probably. Probably that will be enough.

Q Can we write that?

THE PRESIDENT: No, you cannot write that. It has to come out of Washington. The following year, we cannot tell. If our exports fall off, we may have to go back to 40%, and eventually we may have to cut the unlimited acreage down to 50%. But probably not. Probably the domestic consumption in this country will be sufficient to take care of 60% of a fifteen million bale crop, as far as you can tell for a number of years ahead. You take this State and any other cotton-growing state, and if they get twelve or fifteen cents a pound for a 60% crop, they are pretty well off financially. All you have to do is to see the South today compared to what it was two years ago. It seems to work from the standpoint of economics.

Q I feel I am doing a lot of talking here, but the other day you spoke of power and there are a lot of interpretations on it. Purely --

THE PRESIDENT (interposing): Oh, the interpretations are all pure. (Laughter)

Q Do you mind telling us what your ideas are regarding private power companies?

THE PRESIDENT: All right, I will give you something on that, but this has to be off the record because I don't want to be in the position of interpreting what I said. (Laughter)

It is a perfectly simple thing. Two years ago, in this room, you were here Fred --

MR. STORM: I was here.

THE PRESIDENT: We spent an hour and a half. I think it was in January, 1933, and we had been down with Norris to see the Norris Dam. (Perhaps the President should have said Wilson Dam.) And I had said up there publicly that we were going ahead with the development of Muscle Shoals. That is all I said at that time publicly. We came down here and we had this talk in which I outlined what developed into TVA.

The easiest way of putting it is this: Any of you who live in, let us say, a prosperous rural section of the State of New York, if you come down here into the average rural section of any of the Southern states, you are immediately struck by what looks like poverty, real poverty. You cannot get away from it. In the first place, you have the Negro problem. In the second place, you have what they used to call the "poor white" problem. The standard of living is absolutely and totally different from what it is in the prosperous areas of the West or of the North. That is very well illustrated by the survey that Harry Hopkins made of one or two counties where he found that three families out of four in these counties had never slept on a mattress. That is almost unbelievable. I told that last Summer to somebody in New York, and he said, "I don't believe it!" I said, "It is

true; you don't know the conditions in the South." Now, that applies because of the fact that the average farm family in the South only sees, in the way of cash, perhaps a couple of hundred dollars a year and a great many don't see that. The result is that the taxing power is almost nil. This State cannot raise money for education because there is nothing to tax. Am I right on that?

MR. TUGWELL: Do you want to tell them about the future population?

THE PRESIDENT: Now, right along with that is something we have been talking about and it will come out probably in the course of the next couple of weeks. The figures show that in the course of the next fifty years the majority of the people of the United States will be descended from Southern stock. That is an extraordinarily interesting fact. In other words, in the North and in the cities, the increase in population has stopped. It practically has stopped. Practically all the increase in population in this country today is in the South. Now, a couple of generations of that means that the majority of people will have Southern blood. That is an interesting fact and we have got to consider what that population is going to be in fifty years.

We have got to raise the standards of education; they are perfectly terrible. The standards of living are low. Yet here is probably as fine a stock, human stock, as you can find anywhere in the United States. It is going to dominate the United States in the course of a couple of generations and what is it going to be like? That is looking at it from a national point of view.

Now for the TVA. I can put it this way: Power is really a secondary matter. What we are doing there is taking a watershed with about three and a half million people in it, almost all of them rural, and we are trying to make a different type of citizen out of them, not

what they would be under their present conditions. Now that applies not only to the mountaineers, we all know about them, but it applies to the people around Muscle Shoals. Do you remember that drive over to Wheeler Dam the other day? You went through a county of Alabama where the standards of education are lower than almost any other county in the United States, and yet that is within twenty miles of the Muscle Shoals Dam. They have never had a chance. All you had to do was to look at the houses in which they lived. Heavens, this section around here is 1000% compared with that section we went through. The homes through here are infinitely better.

So TVA is primarily intended to change and to improve the standards of living of the people of that Valley. Power is, as I said, a secondary consideration. Of course it is an important one because, if you can get cheap power to those people, you hasten the process of raising the standard of living.

The TVA has been going ahead with power, yes, but it has been going ahead with probably a great many other things besides power and dam building. For instance, take fertilizer. You talk about a "yardstick of power". Harcourt Morgan is running the fertilizer end of it and at Muscle Shoals he is turning out, not a nitrate -- the plant was originally built for a nitrate plant -- but he is turning out a phosphate. He is conducting a very fine experiment with phosphate of lime. They believe that for this whole area around here, and that would include this kind of soil around here, phosphate of lime is the best thing you can put on land in addition to being the cheapest.

Now, at once the fertilizer companies, the National Fertilizer Association that gets out figures, I believe (laughter), they say, "Are you going into the fertilizer business?" The answer is a very

simple one. The plant is primarily an experimental plant. That is the primary purpose. Therefore, they are going to take this year a thousand acres of Government land, which is worn out land, typical of the locality, and they are going to use this phosphate of lime on this thousand acres and show what can be done with the land. They are going to give a definite demonstration. They will compare it with the other fertilizers, putting them in parallel strips, and they will see which works out best and at the lowest cost and, by having the large plant which they have, they will be able to figure out what is a fair price for the best type of fertilizer.

Having done that and having figured out the fair price, it becomes a process of education and if the farmers all through that area can be taught that that type of fertilizer at X number of dollars a ton is the best thing for them to use, then it is up to the National Fertilizer Association and its affiliated companies to meet that price. Now, that is the real answer, and we hope that they will meet that price, adding to it, to the cost of manufacture, a reasonable profit. We will know what the cost of manufacture is, and it is very easy to say what a reasonable profit is. Now, if those gentlemen fail to avail themselves of this perfectly magnificent opportunity to conduct a sound business and make a profit, well, it is just too bad. Then somebody will get up in Congress and say, "These fellows are not meeting their opportunities and the farmers will have to have the fertilizer and of course we will have to provide it." But I, for one, hope that that day will never come. Now, that is not holding a big stick over them at all. It is saying to them, "Here is your opportunity. We go down on our knees to you, asking you to take it."

Q Just a little guiding light.

THE PRESIDENT: In other words, what we are trying to do is something constructive to enable business --

MRS. ROOSEVELT: An intimation. (Laughter)

THE PRESIDENT: No, it is not even an intimation. No, it is a generous offer.

Now, coming down to power. You take the example of Corinth we went through the other day. In Corinth, without Government assistance -- they did it themselves -- they had a county electric power association and they used to buy their juice from the Mississippi Power Company. The TVA, because they were on a through line to Tupelo, the TVA came along and stepped in as a middleman, and still bought the power from the Mississippi Power Company, at a lower cost per kilowatt, but on the agreement with the Mississippi Power Company that they would take more juice. The result was that the Mississippi Power Company gets the same gross profit as they were getting before, but selling more power. Then the TVA, merely acting as middleman, without any profit to itself, turns around and sells it to the county electric power association. That part of it does not change the existing situation at all. The Mississippi Power Company merely gave a lower rate to the Alcorn County people, but they did it via the TVA instead of direct. It was merely a bookkeeping matter. It does not cost the TVA anything and they do not receive anything.

Now the Alcorn County people, that is the Alcorn County Electric Power Association, did a very interesting thing. There they had Corinth, which is a good-sized town, and they found they could distribute in Corinth -- these are not accurate figures -- they found they could distribute household power at about two cents a kilowatt hour. But if they were to run an electric line out to a farm, they would

have to charge three cents. In other words, the farmer would have had to pay more.

What did the Corinth people do? They said, "We can get cheaper power than the farmer, but we think he should have the same rates we are getting." Voluntarily they agreed to take and to pay for two and a half cent power which enabled the farmer to get two and a half cent power. That is an extraordinary thing. That is community planning. Now, there was no reason in God's world why the Mississippi Power Company could not have gone to Corinth and said the same thing, no reason in the world. They just never thought of it. They could have done the same thing. But it was the TVA that went down and sold the idea to the people in that county and said, "Let us have a uniform power rate for the man next to the powerhouse and the same rate for the man who lives twenty-five miles up the Valley. We don't want to concentrate any more people in Corinth. We want to increase the rural population."

The result of that operation is that they are increasing -- they have more nearly doubled the consumption of power. Furthermore, they have gone ahead and formed another association, tied up with this county one, by which people can buy refrigerators and electric cook-stoves and all the other gadgets at a figure which is somewhere around 60 or 70% of what they were paying before.

Now, the process behind what they were paying before amounted to this: A subsidiary of the Mississippi Power Company in the business of selling refrigerators, generally owned -- I am just saying this as a mean aside -- generally owned by the son of the president of the power company -- there is a lot of that nepotism -- would go around and say, "We will sell you a refrigerator. The cost is two hundred

dollars. You can pay for it over thirty months. The total cost to you at the end of thirty months will be three hundred dollars." In other words, it was a hundred dollars extra. They did not say that, but that is what it amounted to. In other words, they were selling them the thing at two hundred dollars and they were making an average of 18 to 20% on that sale during this thirty months.

Now, who else profits? That selling corporation of course made not only its 15 or 20%, but also made quite a lot on what they had paid for the machine. They had probably paid a hundred and seventy-five dollars for the machine, so they made twenty-five dollars on the machine. Now, who did they buy it from? They did not buy it from the General Electric or the Westinghouse. They bought it from the middleman and he also made a twenty-five dollar profit on it, and the General Electric Company got only a hundred and fifty dollars for the machine. Therefore, when the consumer paid three hundred dollars, it was just one hundred percent more than the General Electric Company got for the machine.

We went to the General Electric Company and said, "Will you give us your wholesale rate on machines?" They said, "Sure." And we went to all the other refrigerator manufacturers so as to have a complete line, and then we said to these householders, "You can buy this for a hundred and fifty dollars plus a five dollar handling charge, paying for it over thirty months at 5% interest instead of 18%." The net result is that instead of paying three hundred dollars, he pays a hundred and seventy-five or a hundred and eighty dollars. His installment cost is at 5% instead of 18%. He gets it at the wholesale price, which the Mississippi Power Company could have done exactly as well as the TVA. In other words, we are teaching them something.

Q Who is Corinth getting its power from now?

THE PRESIDENT: Mississippi Power Company.

Q I don't quite understand the power company getting its same profit. Mr. Ruble, who runs a department store down there, told us that the building had its bill cut from sixty dollars a month to forty dollars and he doubled his consumption.

THE PRESIDENT: That is the point; what do they do? Suppose they were selling -- well, let us put it in algebra. Suppose they were selling X kilowatt hours times Y cents per kilowatt hour. The total receipts of the company amounted to Z. Now, we come in and tell these local people that if they will buy 2X kilowatts times $\frac{1}{2}$Y -- in other words, half the price -- you will still have Z. In other words, if he sells twice as much power at half the cost, the gross will be exactly the same at the end of the month. Now, that is what we have been trying to do.

I don't know the consumption back in Corinth, but in Tupelo we estimated it would take a year at a three-cent rate running down to one, instead of a rate starting at six cents and running down to three, we figured it would take a year for the consumption of power to double. Actually, it took only four months. The consumption of power in Tupelo has doubled in four months.

The result is that the local company has an even bigger gross in the way of receipts than it had before, and yet the consumers of that power, whether shopkeepers or farmers or householders or anything else, they are getting their electricity for less than half the price, about 45%, of what they were paying before.

Q Isn't there a considerable change in the cost of having to step up its power production to meet a demand like that?

THE PRESIDENT: Very little. The only overhead is when you get an extension

of rural lines. There you have a larger inspection force to watch the lines. That is about all.

Then we are doing a third thing along the same lines. The Power Companies did a perfectly silly thing for them to do when it came to rural electrification. They put out all kinds of specifications for rural lines that were perfectly out of the question. Well, there was a certain rural line we wanted here in Warm Springs, and the specifications of the Power Company called, as I remember it, for 35-foot poles, white oak, that had to come from North Georgia. They had to be hauled here by railroad. Then I think they charged eighty dollars for the transmission line into the farmhouse. The net result is that a line for five or six farmers would cost somewhere on the average of four or five hundred dollars. That is a pretty big debt for a farmer to assume. Then they said to him, along the same line as the refrigerator "You can pay that over a number of years with a small charge for interest." The interest ran from 18 to 20%.

What we are trying to do is to build a rural line which will be substantial. We will put in transformers actually at cost from the electric supply company, the General Electric Company or the Westinghouse, and then let the farmer pay for his power line at five percent instead of 18 or 20%. It means that on the average he can put in his power line for about 60% of what it costs the other way.

Now, we come back to the old simile we used before. I hope that the proper power company officials will accept this free education that the Government is giving them. It is a fine offer and a grand chance. If they come in and do it right with a reasonable profit on their actual cost, that is all we are asking. No threat, no intimadation.

Q Or else?

THE PRESIDENT: No "or else".

Q This association which is furnishing the current, buying it from the Mississippi Power Company, is it a paying proposition?

THE PRESIDENT: Sure. And there was no reason in God's world why the Mississippi Power Company could not have done the same thing and have gotten the same results. Listen to the results: In three months, June, July and August, the operating revenues were $17,847. That was in three months so you see what a small proposition it is. The expenses for operating, maintenance and expense, including energy purchase -- that is what they paid the Mississippi Power Company for it -- was $5,826.00, or exactly 33% of the gross revenues. Then, in addition to that, they had general administrative expenses and new business expenses -- that meant pushing it and pushing the commercial end -- of $2,094. or 12%. Then they had taxes and of course, as I remarked the other day, some people do not admit taxes. They are paying to the City $1,508 in taxes, or 8% of their gross. Then they charged to depreciation $1,232, or 7%. They had to pay on interest, interest on the money they borrowed to get this thing going, $964. or 5%. They paid 5% interest.

Their total expenses and deductions came to $11,625 or 65% of their gross receipts. Well, that looks like a good picture. It left them a balance available for new construction and retirements to be applied on the debt, 35% of the gross. Now, that is as pretty a financial set-up as I know of anywhere. In fact, it is so pretty that if it keeps up and they use some of that 35% right along to retire the money they borrowed, they will even be in a position to reduce their rates below what they are today. There is no question about it, and

they will still have some left for new construction.

Q In Atlanta the Georgia Power Company runs its auxiliary plant in Atlanta with gas. It buys gas from Mississippi, makes electricity from the gas -- converts the gas into electricity -- and sells it at a profit. They use twenty million cubic feet a day.

THE PRESIDENT: Do you know, about gas -- Ickes told me this on the train the other day -- there is going to waste every year in the Texas oil fields $72,000,000 worth of gas. It is just escaping into the air. Now, if that gas were turned into electricity, think what it would mean to Texas. That is $6,000,000 worth of gas a month.

Q They pipe the gas into Atlanta from Mississippi.

Q If that much is going to waste in Texas, what is the gas wasted on Capitol Hill? (Laughter)

THE PRESIDENT: That would run the District, anyway. It might cut the District tax rate.

Q The trouble is that that is non-convertible gas.

THE PRESIDENT: Now, coming back to the point, this statement shows a balance available for construction and retirement of 35% of the gross. If you were to analyze the financing of most of the private power companies, you will find that in the majority of cases they have been following the pernicious rule of the railroads. They get out a twenty or thirty-year bond issue and they don't start a sinking fund, but when the bonds mature they don't pay them off. For example, in the paper yesterday morning, there is one company that is seeking to refund an issue of bonds which were issued twenty years ago. That is what has hurt the railroads. The railroads never paid off a single bond when it matured. They never set up a sinking fund.

The New York Central Railroad, which runs through our place at

Hyde Park, issued in 1842 some 7% gold construction bonds with which they built the railroad from New York to Albany. My great-grandfather was so keen to see that railroad built, so that he would not have to go by steamboat from Hyde Park to New York, that he took five of those bonds. My Mother owns them today, owns the lineal descendants of those five bonds. To be sure, they are only 3½'s now, but it is a first mortgage bond that has never been paid off and it is 92 years since my great-grandfather bought them. That is why railroads go broke. On the last bond issue the maturity date was put at the year 2001. How silly. That is why it is time to teach Wall Street some very simple elementary lessons in finance. It is true, isn't it?

Q Do you think Wall Street can learn?

THE PRESIDENT: Oh, yes, but it will take some time. They will learn a lot in two years.

Q The logical question that that raises is, can the average private utility undergo the reorganization necessary to cut the rates and take advantage of the opportunity given them?

THE PRESIDENT: Only if they reorganize. Of course, we all know they do a lot of talking about widows and orphans. Now, whose fault is it? I will give you an example: A certain friend of mind, who makes or perhaps saves two or three thousand dollars a year, started in about 1928 to put aside a savings fund, realizing that some day he would get old and could not work any more. Wanting a little more than 4%, he went to two banks in New York City, the most reputable, old-fashioned banks he could find. I was partly responsible and told him where to go. As a result, today he finds that the fifteen or twenty thousand dollars he put in is invested, about two-thirds, in bonds of utilities, not stocks, but bonds. What kind of utilities? Holding companies, all

of them holding companies, none of them operating companies. He was advised to buy the bonds of these holding companies as the best form of investment he could get. They were 6% and 7% bonds and he bought them at 102, 103 and 104. He bought them above par. Today the average of those bonds is about 40. The result is that he has lost over half of the savings that he put into those bonds.

Now, why are they selling at 40? For the simple reason that you have to find out what is behind them. That starts you back over a chain. Let us take Associated Gas & Electric, as an example, or Commonwealth & Southern, or any of the big holding companies. They followed the same principle that Insull did, exactly the same thing, and it was considered honest in those days by a lot of people. Those bonds have printed on them that behind them is so much stock. Let us call the first company the A Company, and their bonds state that they have so much stock of B Company, C Company, D Company, in the treasury of the A Company, as security for those bonds. Then you analyze and you ask, what is the common stock of B, C and D Companies? You will find that they are holding companies. And you will also find that they have outstanding certain bonds which are backed by the common stocks of E, F, G, H and I Companies. And then you will come down to those companies and perhaps they are operating companies or perhaps they are holding companies too. Sometimes you get the pyramid of the holding company principle up to the fourth dimension. You come down to the fact that even the first holding company has as security for its bonds the common stock of, let us say, the Meriwether County Electric Light Company organized in the year 1900. Now, when the Meriwether County Electric Company was organized, how did they do that? They got Mr. Peters (?), of the bank in Manchester, and Dr. Peters (?) and Judge

Revell, of Greenville, all of them, to put in, in cash, $1,000 apiece. For that $1,000 they received a thousand dollar bond. In addition to that they received ten shares of common stock. And then, later on, when they were merged into the Georgia Railway Power and Light Company -- these are all fictitious --

Q You couldn't follow them all out?

THE PRESIDENT: No, you couldn't, they went through six or eight different processes. So each of them has a bond and also ten shares of common, and the common were not represented by property since it was merely a possible equity, because they had raised enough by bonds to build this local plant entirely. In other words, the ten shares were water in the first instance. In the first reorganization he got a new bond, also ten shares of preferred and ten shares of common, which was water, and on the next reorganization with a holding company he got his bond and twenty shares of preferred and twenty shares of common. There is one man who put in a thousand dollars into one of these little local electric light companies about 1900, and today his thousand dollars is twenty thousand dollars, although he has never done a damn' thing to make it worth twenty thousand dollars.

The banker who does the merging gets a lot of common stock and dumps it off on the market. Now what Charlie (Mr. Hurd) said was right. I don't like the expression "squeezing the water out", but if the utility companies in this country could recapitalize on the basis of the money put into them, every one of them would be making a profit today and every one of them could reduce the rates.

Q You mean the money spent on plant?

THE PRESIDENT: Yes. I don't mean the money spent by Consolidated Gas in New York.

Q But a lot of people have taken their money and gotten out.

THE PRESIDENT: And a lot of widows and orphans are holding the bag, having been persuaded by the best banks in New York City to buy that kind of bonds, which is not at all honest.

Q The answer is that they hold the bag anyway, so that in reorganization it would not make any difference.

THE PRESIDENT: In a reorganization it is just too bad about people badly advised. It is not the Government's fault. In other words, somebody is bound to get hurt. There isn't any question about it.

It is a very simple proposition. Suppose, for the sake of argument, you can save the consumers of power one hundred million dollars at the rate of two hundred dollars a year. That would be five million people who would actually benefit in a year. They would benefit from that kind of saving through cheaper power. You would hurt a lot of people. You might hurt twenty or thirty or forty thousand people in benefitting five hundred thousand or five million. But, after all, that is one thing that Government cannot do, and that is to protect widows and orphans against bum advice they have had on investing.

Q As a matter of opinion, how long do you think it is going to take to accomplish this reorganization?

THE PRESIDENT: I think it will come gradually. I think a great many of them will do it voluntarily.

Q How would they go about it? Would there be a receivership?

THE PRESIDENT: People are not going to be as badly hurt as they think. Most of them are listed on the Curb. Well, Electric Bond & Share, for instance -- there are an awful lot of people who own that. Here are the quotations. Of course, it is all water, Electric Bond & Share is all water. It represents nothing but equities. The common stock is sell-

ing at seven or eight dollars a share. The 5% preferred is selling at 31. The 6% preferred is selling at 37.

Let us take Associated Gas & Electric, which an awful lot of people bought. It is selling at fifty cents a share. You can see that the loss is already established for most of these holding companies. Take Niagara Hudson. That is practically all water. It is selling at $3.75 a share. In other words, the loss is there already.

Q What is Commonwealth & Southern?

THE PRESIDENT: Commonwealth & Southern is selling at $1.12 a share. The high for the year has been $3.75. As you can see, the people who bought that have had their loss already.

Q They could not lose anything much?

THE PRESIDENT: Take Cities Service, it is selling at $1.60 and the preferred is selling at $13.75. Their 7% preferred is selling at $14 a share. There you are.

Q The widows and orphans can use that for wallpaper.

Q They have used lots of other things for wallpaper in the past too, haven't they?

THE PRESIDENT: To give you a thought, what we are after primarily is to improve the standard of living for the country as a whole.

Q And power is merely one of the things?

THE PRESIDENT: Merely one of the things. Better homes, slum clearance, better roads, they all tie in together. Better education is very, very important.

I think I told you the story about the first year I was down here, when a young man came up to the porch with his cap in his hand and said, "Can I speak to you, Mr. Roosevelt?" I said, "Yes, come up, son. What can I do for you?" He said, "Will you do a great favor for us?" I

said, "What do you want?" He said, "We are having our school commencement next week and we would be awfully glad if you would come over and give the prizes." I said, "Delighted to. Are you the president of the graduating class?" He said, "No, sir; I am the principal of the school." I said, "My God, man, how old are you?" He said, "I am nineteen." "Have you been to college?" "Oh, yes; I finished my Freshman year at Athens, Georgia."

There was a fine boy who got enough money to finish his Freshman year and then he had to go back to get money for the next term. It would take him eight years to get through college. I said to him, "How much are you being paid?" He told me that he had 150 children and that he was getting paid, as principal, board and lodging and $400 a year. He told me that he had three people teaching with him and that they were just local girls, which meant that they had never had anything, probably, except a local high school education.

Think of the enormous population being brought up that way, and yet, off the record, the Governor of Georgia is still in favor of the one-room teacher, the one-room school.

Q Do you think it is necessary to go ahead with the Tennessee Valley experiment on a national scale to bring about the plans you have outlined?

THE PRESIDENT: Not the same kind of governmental power development if the other fellows will do it. They have every chance in the world to do it.

You take a simple example: Eight miles over here to the eastward is a place called the Cove where they make the best corn liquor in Georgia.

Q The best is none too good. (Laughter)

THE PRESIDENT: Throw him out. (Laughter) Now, in the Cove the Georgia Power Company owns one of the most favorable power sites in the State.

They can turn out at that power site something between forty and fifty thousand kilowatts at a cost of less than half a cent. They have owned it for fifteen years and they bought the whole power site for a total of fifteen thousand dollars. In other words, they bought it as a farm lot. They have sought in other years to carry it on their books for a million dollars. It is an undeveloped power site and I think the old Public Service Commission of this State allowed them to do it for a while.

Further up, where we are going to picnic, is a place where they can develop 30,000 KW and I think they paid fifteen or eighteen thousand dollars for all the land comprising that site. They have a grand chance to make cheap electricity for the whole region and we are just giving them the opportunity as well as showing them how.

Q None of this, I take it, is on the record.

THE PRESIDENT: No, it is just so that when you talk about it in the future you will know all about it.

Q Can't we write this as background?

THE PRESIDENT: I think not. You had better keep it. If you write anything at all it will look like trying to explain something.

Q We don't have to write it that way.

MRS. ROOSEVELT: You would have to go back to foreign trade. When you go back to foreign trade you are faced with the question of restricting production, which is practically what it comes down to, and when you face that, you face the fact that we are coming down to being self-supporting, eventually.

THE PRESIDENT: Not necessarily; what I said was that we are trying to prevent it by agreement.

Q That is in the off-the-record?

THE PRESIDENT: There are certain things we cannot produce and certain things that Brazil cannot produce.

MR. TUGWELL: There are certain things on which we will always have an exchange.

MRS. ROOSEVELT: But, with all this before us, what we are basing that whole thing on is our old theory of scarcity, because if everybody had everything he wanted, we could utilize all we can produce.

THE PRESIDENT: Yes?

MRS. ROOSEVELT: Isn't it again a question of how we are going to accomplish it? Isn't it the medium of exchange that would make it possible?

THE PRESIDENT: All of this is based on the assumption that consumption remains at the same level. On the other hand, if you can give a bigger purchasing power to the country --

MRS. ROOSEVELT (interposing): How are you going to do that?

THE PRESIDENT: It's a very simple explanation: If you take the farmer who lives under such conditions that he gets one hundred dollars cash in the year, and if you can put him in a place where he will find decent living conditions and give him small factories to work in part of the time, so that he will get five hundred dollars cash a year, he has four hundred dollars more buying power. If you improve his condition, you improve his purchasing power.

MRS. ROOSEVELT: Hasn't the medium of exchange got to be changed in some way, because there isn't enough money in the world at the present time?

THE PRESIDENT: What you mean by "money" is cash and credit. At the present time we have almost unlimited credit in this country.

MRS. ROOSEVELT: What I am getting at is a thing called the Douglas (?) credit scheme, which says that if you have faith enough in human integrity, you can have unlimited credit, that nobody is back of anything,

really, on its face value.

THE PRESIDENT: You have plenty of credit in this country at the present time.

Q Why isn't it being used?

THE PRESIDENT: Lots of reasons. The first is that a lot of them don't want to put it up. They are afraid to put it out. The second is that people have been afraid to borrow. The third is that purchasing power has not gone up sufficiently as yet.

MRS. ROOSEVELT: Of course, you are teaching them a lesson that they should not put money into anything which actually does not purchase something or represent a service. But I don't think anyone knows just how to get credit. I think that is part of what is holding people up.

THE PRESIDENT: It is educational. It takes years and years to do it. If I could take Bill Jones and say, "Look, Bill, you have a rotten farm. You ought to improve it. It will cost you two thousand dollars to improve that farm, but when you do you will be able to live off it, get everything you need, and make yourself a self-sustaining unit and you will get five hundred dollars a year in cash out of it." Bill Jones will say, "No, I don't want to do that." It will take two or three years to educate Bill Jones.

Q Don't you think, Mr. President, that there has been a little more borrowing since election?

THE PRESIDENT: It depends on what paper you are reading.

Q Can't we use this, what you said this afternoon about Tennessee Valley and before -- can't we use that?

THE PRESIDENT: Instead of using it right now, jot your notes down and let me give you a hint. The National Resources Board preliminary report is coming out, and it ties right in with it. Let me dig that up for you. Don't use it today -- use if for a Sunday story or a Monday story.

Q These notes are worth a thousand dollars at least, minimum.

THE PRESIDENT: Wait until you learn more about it. You don't know enough about it to write a story.

Q If Georgia goes into raising these things for which her soil is suited, we might have an overproduction of things in the West?

THE PRESIDENT: Not necessarily, because your consumption goes right up.

MRS. ROOSEVELT: In other words, one of the biggest things is decentralization of industry into farm districts.

THE PRESIDENT: Let me give you an illustration. The Department of Agriculture has three diets, "A", "B" and "C". "A" is the diet that people ought to have. "B" is the diet they can get along on all right. "C" is the insufficient diet. "C" is the diet they have. Now, check me on these figures. If we were on a "B" diet instead of a "C" diet, we would be using in this country thirty-five million more acres a year. That would be just on the improvement of the diet from "C" to "B". If the whole nation lived on an "A" diet we would have to put in sixty million more acres into agriculture. That answers that.

Q Mr. President, if you were going to write a story today for the morning papers, what would you write?

THE PRESIDENT: I would write that the power people were all down here and were discussing power policy and legislation, just a preliminary talk.

MR. STORM: Thank you, Mr. President.

(The Press Conference adjourned at 3.00 P. M.)

CONFIDENTIAL
Press Conference #161,
Held in the President's Cottage on Georgia Warm Springs
Foundation, Warm Springs, Georgia.
November 28, 1934, 11.00 A. M.

THE PRESIDENT: I do not know -- I haven't the vaguest idea of any news this morning. There are various people coming down before we leave next Wednesday. You can carry the story that we are probably leaving here next Wednesday, a week from today. That is the fifth, is it not? What time, I do not know, but we will be in Washington Thursday.

Q Mr. President, has Secretary of State Hull referred to you an invitation of the League of Nations to collaborate with the Chaco Peace Movement?

THE PRESIDENT: No, I have not heard anything about that at all in over a month.

Q Mr. President, can you tell us just who is coming down besides Farley, Walker and Moffett and Harry Hopkins?

THE PRESIDENT: Harry Hopkins, Henry Morgenthau. We have not heard from Ickes, by the way.

MR. McINTYRE: No, sir.

THE PRESIDENT: And we have not heard from Tugwell. He may come down again.

Q Will Hopkins and Morgenthau be here together?

THE PRESIDENT: I do not know; I have no idea. I think Hopkins is coming Saturday. In other words, there is no object of their all coming together.

Q Mr. President, there was a dispatch out of Dublin day before yesterday -- there were reports there that one of the Drexel Biddles, I forget whether it was the older or the son, would be Minister to the Irish Free State. Was that a rumor?

THE PRESIDENT: What do we call it?

Q An "S. C. S."

Q Speaking for Mr. Duer of the Post and myself, have you any comment to make on that petition received for a more equitable agreement on the fiscal relations (between the Federal Government and the District of Columbia)?

THE PRESIDENT: I will give you a Washington story, to the two of you. Since 1913, when I first came to Washington, I have been tremendously interested in the relationship between the Federal financing of the District of Columbia and the local financing of the District of Columbia, in other words, their taxes, and so far the relationship has been more or less hit or miss. We all know why. It depended a little bit on who the District Commissioners were and it depended a little bit on how the Congressional committees on the District were constituted. There has been no more or less regular policy. I have been talking -- I have not done it yet but I have been thinking the thing over the last three or four days. I do not know who I will ask but probably I will ask the tax experts of the Treasury Department to make a study of the cities that are larger than the District of Columbia -- I do not know how many there are but call it X number of cities that have a bigger population than the District of Columbia -- and the same number of cities that are smaller than the District of Columbia, in other words, enough cities of each size so that Washington will be right in the middle so far as population goes, and then try to get from all of those cities, the bigger ones and the smaller ones, what they call an evaluated tax rate, in other words, how much the citizens of those cities have to pay on real estate which, of course, is the principal form of city revenue everywhere. Then we will also find out what they have to

pay in other forms of city revenue which, of course, mostly fall into the license class.

Now, an evaluated tax rate, of course, ought to be explained to the average citizen but it is a perfectly simple thing. If one city assesses value on its real estate at 50 per cent of its true value, that is to say, its selling value, and has a tax rate of four dollars, the people are not paying any heavier taxes than the city which assesses its real estate at full value and the tax rate is two dollars. You see how simple that really is?

Now, an evaluated tax rate simply means that they find out what relationship the assessed value is to true value, and then they fix the actual tax rate of that particular city on the basis of true value to find out what it will be. That is the evaluated tax rate.

Now, the reason for this study is that nobody in the District has ever agreed on whether the citizens of the District, the owners of real property, are paying a higher rate of taxation or a lower rate of taxation than other cities of similar size -- that is to say, bigger or smaller. After that study is made, we will know pretty well where in this list of cities the District stands. If the tax rate on the District shows that the owners of real estate in the District are paying below the average of other cities, there isn't very much kick coming from the owners of real estate in the District of Columbia.

If, on the other hand, the study shows that they are paying above the average of the other cities, it probably means one of two things: either that the District Government is not as efficient as it ought to be or that the Federal Government is not paying its share of the necessary expenses for maintaining the District. We will have to await the outcome of those figures. If the District people are paying more

than the average, we then proceed to find out whether the Federal Government should pay more or whether we can save in the cost of Government by putting in more efficient methods.

Now, that is the first time, so far as I know, that a definite study of that kind will have been undertaken and it ought to do a great deal to prevent this everlasting, year in and year out, squabbling between the people in the District of Columbia, the real estate people, the newspapers, et cetera and so on, seeking additional funds from the Federal Government.

Q Why wouldn't it be helpful to extend that survey to all cities? Not as a tax rate of $1.50

THE PRESIDENT: What is that based on, 100 per cent?

Q Sixty per cent. Of course it is based on --

THE PRESIDENT (interposing): There are various organizations that have those figures already. You will find quite a number of organizations that have already worked out figures showing how much -- what the relative tax is of the larger cities.

Q Presumably those figures are gathered for selfish purposes?

THE PRESIDENT: A great many are.

Q What if the survey were extended to all cities and sanctioned by the Government?

THE PRESIDENT: The difficulty is this, that the Federal Government hasn't any authority to offer them to any other government. In other words, all cities are creatures of the State. I will say this, off the record, that it would be a perfectly practical thing for the Governors' Conference to take up.

Q There are two more points: Irrespective of what the tax rate is, large or small, could you tell us whether you think the Federal Government is paying fairly for what it receives in the District of Columbia?

THE PRESIDENT: I do not know. Nobody has any idea, newspapers to the contrary notwithstanding. Nobody knows. You will find an editorial a week in the Star and often in the Herald, et cetera, stating facts and nobody knows whether they are facts or not. They say the Federal Government ought to take over this and ought to bear this and ought to bear the other thing. I do not know.

Q Do you think that Congress ought to put through a law putting it on a 60-40 basis?

THE PRESIDENT: I don't know whether it ought to be done or not. It might be less and it might be more. We just plain don't know.

Q You are going to look into it?

THE PRESIDENT: Yes.

Q Is there any possibility of a release of that power material you gave us the other day?

THE PRESIDENT: I do not think so.

Q The Edison Electrical Institute, as you saw, of course, is going to test the constitutionality of the TVA.

THE PRESIDENT: Yes, McCarter (Thomas N. McCarter of the Public Service Corporation of New Jersey) and so on. Mac (Mr. McIntyre), we got a request from McCarter for an appointment, did we not?

MR. McINTYRE: I do not think it was McCarter.

Q Down here?

THE PRESIDENT: Yes, but I cannot see him down here. And we got a request from Floyd Carlisle and (Wendell) Willkie.

MR. McINTYRE: I do not think we have had any from McCarter.

Q Mr. President, could you tell us about your plans for tomorrow and Thanksgiving day?

THE PRESIDENT: I do not know. You had better check up with Carp (Arthur

Carpenter) on it. They are having something planned for -- a fellow is coming down to give an exhibition to all the patients.

In the afternoon we have a Trustees' meeting. Right after lunch we all go down to dedicate two new buildings, up to the present time referred to as Unit A and Unit B. They will be christened tomorrow.

Q Are you going to christen them any other name besides Unit A and Unit B?

THE PRESIDENT; Oh, yes; we are going to give them names.

Q Who will decide what they are going to be?

THE PRESIDENT: We have decided already. And then after that, off the record, a cocktail party and then dinner.

Q How many turkeys have you?

THE PRESIDENT: I do not know. I think we have been given about five. I have eaten one already. I am getting another one too, a wild turkey.

MRS. ROOSEVELT: When are you going to use that large one?

THE PRESIDENT: That is the one to be used tomorrow night. You better not put that down because there are four or five going to be used tomorrow night.

Q Mr. President, would you care to tell us about the dispute between Moffett and Ickes over housing? That all came out of Washington. We didn't get anything here at all.

THE PRESIDENT: Do you want me to talk, off the record?

Q That will be fine.

THE PRESIDENT: This has to be off the record because again there is no use of injecting me into it, because somebody will say it is denial and some will say it is affirming and some will say it is settling a row.

Apparently, what happened was this: Last Thursday Ickes had his press conference, and he talked about one form of housing plans, having that in mind perfectly clearly himself. But the fellows in the

conference did not get what he had in mind. He was talking about slum elimination and rural housing, the thing we were talking about the other day, which of course cannot be done by private capital. He said, "Why, of course, private capital won't go into this thing. We cannot rely on private capital for it." It was perfectly true. The Post story was darned good and made it perfectly clear. But one or two of the other stories gave the distinct impression that what he was referring to was housing in general. Whereupon Moffett, on reading this, went up through the roof, thinking that Ickes is going into the kind of housing that he is doing. Thereupon the hell hounds of the Press got around Moffett in the afternoon and worked up a controversial story which, of course, was in large part Moffett's fault because he thought that Ickes had been referring to general housing, which he hadn't at all. Finally, on Saturday, they had a meeting and put the onus of the whole thing on the Press and said that they were in complete accord and that their two programs did not conflict.

Now, the real answer is a perfectly simple one. Obviously the two things do not conflict. We have four and three-quarter million people on relief. Probably half of them are living under very terrible conditions. There are probably another four and three-quarter million people who are not on the relief rolls. Now, that just does not mean people, that means that the four and three-quarter million people on the relief rolls represent eighteen million people on relief.

Taking the two groups living under undesirable conditions, it means that there are nearly forty million people who are of such low earning capacity that they cannot get credit. They cannot get credit and private capital won't give them credit. I am not saying improperly, because I think very properly. You take the ordinary person, if he hasn't

a job or any capacity, private capital isn't going in and lending him money to build a house. Obviously not. Now, what are we going to do? Are we going to leave him where he is just because he hasn't security to offer for a private loan?

If he falls into the higher class, he comes to Moffett. Now the simplest illustration is this: That of all the loans made through the Housing Administration today, the average earning capacity of the people getting loans is $2,750 a year. Now that figure of $2,750 a year is nearly three times the average family income in the United States. Therefore the Housing Administration is taking care of people with sufficient earning capacity to obtain a private loan and it is doing a grand job. It is taking care of what might be called the very large number of people, again millions of people, who fall into the category of having an income of somewhere, let us say, between $1,500 and $3,500 a year. Those people have found it difficult to go to the bank and get a loan at a low rate of interest because the bank was not certain of things. Therefore Moffett's organization goes to the bank and says, "If you put this thing through, it is your responsibility, but you will get Government insurance up to a certain point."

Now, that is going well for certain people, that group, (earning between $1,500 and $3,500 a year) but it was never intended for and nobody had any thought that the Housing Administration could persuade banks to lend people with incomes of $750 a year. There was not enough security. Nor could they do it for people on relief who haven't any income except what they are getting from a Government job or through relief.

That raised the question, "Are we going to call ourselves licked?" Now, I will give you the best illustration: It raises other complica-

tions. Joe Day in New York is a very old friend of mine, and one of the best real estate men in the City of New York. He and I have been carrying on a very interesting correspondence. He started off by telling me that it was terrible for the Federal Government to go into slum clearance. He thought that private capital ought to do it. I said, "Joe, this is all very well, but you have not eliminated the slums in New York." He wrote back, "Give us a chance, I think we can." I said, "At what cost per room per month?" He said, "You have me there, we cannot do it for less than $12 per room per month." I said, "How many families are in the City of New York that cannot afford to pay that?" He came back and said, "We hope that with the return of prosperity there will be more." I said, "That isn't any answer to my question."

Now, the very simple fact is that in the City of New York there are probably a million people -- there are probably two hundred thousand families alone -- that is probably a rough guess -- whose earning capacity brings them under the thousand dollar a year class. They probably ought not to pay, out of that thousand dollars or less, more, let us say, than a hundred and fifty, a hundred and forty or a hundred and fifty dollars a year for their rent. They cannot afford it because they have to eat and clothe themselves.

Now, what does that mean if the cheapest rooms in the City of New York rent for $12 a room? That means that the whole family can afford to live only in one of those $12 rooms and no other room. They have to cook, to eat, and everything else in one room. If, on the other hand, you can get them rooms for $6 a month, the family can use two rooms.

What is the result? They are living today under most terrible conditions, in old tenement flats, on the East Side, also on the West

Side, in the middle West Side and the middle East Side. We all know the conditions they live under. They are able to get, on the average, perhaps two rooms at $5 or $6 a room. There is no sanitation, no light, no nothing. They are pretty terrible living conditions.

Now, Joe says, "We are licked. Private capital could not afford to build for $5 or $6 a room. That is not enough." That is his answer, "We are licked."

Q Is he convinced?

THE PRESIDENT: Yes, but he says that the Government ought not to go in.

Q Why?

THE PRESIDENT: He says it is not the prerogative of the Government. It is unconstitutional. Like TVA. It is illegal. He says the thing, over a period of years, will work itself out some way. Then he also says, "If you go in and tear down these tenements, you are going to cut real estate values very much." Well, that is true. The value of tenements in the City of New York, including the City assessed valuations, is much too high. They are being held at those high prices with the hope of the owners that some Fairy Godmother is going to come along and take it off their hands at this price.

And that is the great difficulty of the Government going in to remove slum conditions in the big cities, the fictitious cost we would have to pay for that land. Yet I suppose there are tens of thousands of parcels of land in the City of New York which are only bringing in on the assessed value, which is higher than what they can sell them for, bringing a yield of 1½ or 2%. But there is always the hope on the part of the owner that something is going to happen.

Q If the Government built these homes, who would own them?

THE PRESIDENT: In the case of a tenant there are practically only two methods.

One is tenant ownership, which has been used in a great many buildings in the City of New York, such as the Bronx buildings that the labor people put up. The tenant, by making extra payments over and above the rent, eventually, in twelve or fifteen years, owns his own apartment. That is tenant ownership.

The other method, especially in those places where you have a floating population that moves out and in a great deal, you make it a straight Government proposition which, after the Government has been paid back, could probably be sold to private people. In other words, it does not mean that the Government would stay in forever.

Of course Joe Day has this other thought, and in another letter he talked about the terrible socialism and what had been done in Germany and England and Vienna in cleaning up slums. He said it was just straight socialism and of course we couldn't do anything like that. But if you had knowledge of what happened in Germany and England and Vienna, you would know that "socialism" has probably done more to prevent Communism and rioting and revolution than anything else in the last four or five years. Vienna has practically cleaned out her slums and has done a grand job.

Then, of course, there are the other phases such as rural housing. We talked about that the other day and you understand the whole objective of it. There, again, we have got to put up houses that private capital cannot put up. We have to reach an entirely different group in the community. It is a secret at the present time, but there are two or three fairly good-sized things we are working on, plans for a new type of house. Don't use this, because they are not ready -- it would not be fair to them. It would be a complete, fabricated house, with pre-fabricated steel as an essential part of the construction.

The house would have all of the latest developments in it. It would have heating and air-cooling system for the summer time. It would have all the electrical equipment you could possibly put into a house and they believe that they can sell a house of that kind for $3,800. Now, that is perfectly magnificent. It is an important step ahead. I think it is a five-room house.

Now, who can buy a $3,800 house? None of the people on relief. It is too much. It will be taking too much of a chance for private capital to take a fellow off the relief rolls and put him into that house. Now, there are what I call the "marginal" people who are just out on the line, people who have a job, a little bit of a job, making $20 a week as a family. Private capital cannot afford to put them into a $3,800 house. They are too close to the line. It is not a good risk. So, what we are trying to do is to put up houses where these people can go in and, because of the much lower monthly payments, there is a chance of getting the money back, but private capital cannot do it. It is a field into which Government alone can go, and Government only can do it.

Government cannot say, "We are licked." Other countries have done it and have put up perfectly grand houses at $1500 and $1600. We can come pretty close to doing it here and it does not interfere in any way with the outlet for private capital, not one bit, because they would not go into that field at all.

Q How much money does it cost the Government?

THE PRESIDENT: It depends on the program. In other words, when it comes down to that, you can take your program and run it from $100 to a hundred billion. I mean, that becomes a matter of financing rather than a matter of policy.

Q Is this on the record?

THE PRESIDENT: No, this is all off the record.

Q On this housing program we were just talking about, has that been decided on at all?

THE PRESIDENT: In figures, no. In policy, yes.

Q Could we use that fact?

THE PRESIDENT: Depends on what you use with it. In other words, if I were writing the story today I think it would be perfectly all right to say this, without putting it on me: It has been made increasingly clear by people coming to Warm Springs to see the President (laughter), meaning the Press (laughter), that the Government recognizes as a matter of policy its obligation to those people in the United States whose standards of living are so low that something has to be done about it, but whose pocketbooks are so small that private capital cannot properly lend them money. And if somebody asks the question, "Is Government going to consider itself licked in its effort to take care of people who cannot otherwise be taken care of?", the answer is, obviously, "No!". And further, as a matter of policy, the Government is going to continue every reasonable effort -- that answers Stevie's question, and I cannot give you any figures -- continue every reasonable effort to give the lowest income group in the United States a chance to live under better conditions, for the very simple reason that if Government does not do it, nobody else will or can.

Now, of course, a Government program of that kind is not all one-sided. My "missus" suggests a very excellent addition to it, that it means a very definite lift to the heavy industries not only during the construction period but also means that after that period is over there will be an additional consumers' demand because, once people get a better

standard of living, they are going to insist on maintaining it.

In other words, the policy story is all right, as long as you don't try to get too factual about it, because I haven't any more idea than you have as to the dollars and cents or whether it will be done or anything of that kind. It is a philosophical policy story.

Q Mr. President, in this connection, stories have been printed that the Government's guaranty of 20% of any losses be extended to other fields so that private banks and private financial agencies could do this financing which they don't see how they can do today. In other words, they could lend money to people in the lower income brackets.

THE PRESIDENT: There you have to come down to practical cases. This has to be off the record, too. Probably private capital, in most cases, is not efficiently organized to carry through a very large operation. Let us take a very simple example: Suppose we were to start here in Georgia a new community with decent homesteads for people on relief -- decent homes for people on relief. Nobody thinks much about it. Should the community consist of a thousand people, in other words, two hundred families, or five thousand people, a thousand families, or should it consist of ten thousand people. That immediately brings up a question that probably only the Government can plan for. We would try several types of communities of that kind.

Incidentally, and you will have to leave this off the record too, I had an awfully interesting talk with Edsel Ford about it because old man Ford -- Edsel brought me quite a number of photographs -- as you know, went into the valleys above Detroit and took little villages and put in very small manufacturing plants, plants that ran anywhere from twenty or thirty people up to a couple of hundred people. Well, a plant of a couple of hundred people probably supplies a community of

2500 to 3000 people because a lot of people have to run the grocery stores and the post offices and so forth and so on. He pointed out that it was perfectly true that in the case of Ford doing it, it means a pretty good assurance that the plant will run because it is a great, huge corporation and you can assure a good income to the workers in the community. Actually, he showed that the smaller plants of the companies are paying $1350 annual income to the employees in that community, which is pretty good and away above the average.

If you can get a factory to come in, a small factory of a big concern that has a fairly steady demand for its products, that is all right, but there is a limit. They are all working on it, General Electric, Westinghouse, Steel, et cetera. Decentralization, if you can get enough, will probably be all right, but you probably cannot get enough.

Then you come down to the next question, "What can you use as a substitute for a branch factory of a big corporation?" Probably not very much except by trying to make the community itself self-supporting. That means a fairly good-sized community, big enough to make its own dresses, clothes, shoes, shirts, besides its own food supply. If a community of that kind can be made somewhere around 80% self-sufficient, it probably can be made a go of. But the point is that private capital, obviously, won't go into that. Some of the big companies with fairly large capital will, but, as you know, the big corporations -- the corporations employing, say, over a hundred men -- they only employ 40% of the industrial workers of this country. 60% of the workers are employed by companies employing less than a hundred men. They are not big enough to go into this sort of thing. Government has to help them to do it.

I think that is about the only answer you can give on that, that again private capital is not in as favorable a position to do it as Government would be, and that private capital probably won't do it because there is too much risk.

Q That would make this a good story, Mr. President.

THE PRESIDENT: They never have before.

Q Are you willing to insure up to that amount?

THE PRESIDENT: We cannot insure. Suppose we did. Suppose we said to the private capital, "You go ahead and do it." I don't know. I don't suppose, in the first place, that private capital would do it. They haven't been organized and don't know enough about it. In the second place, they would consider that 20% was too little insurance. I just plain think they would not come in if we extended it.

MR. McINTYRE: In connection with what you said about housing policy, would you have any objection to the use of that part in which you pointed out that there is no conflict between the two?

THE PRESIDENT: That is perfectly all right to use. There was absolutely no conflict. The private dollar won't go into the Government housing that we are going ahead on. If private dollars show any desire to come in, we will be willing to give them every opportunity so to do.

Q I cannot say we haven't very much; you did pretty good.

THE PRESIDENT: You got a real Washington story.

Q Yes. It is getting kind of late. Looks like you are trying to take me out of it. (Laughter)

Q In the papers this morning there is a story that the Nye Committee is going to consider the complaints of investigators that Government officers are holding up the investigation into munitions.

THE PRESIDENT: I do not know; I have not heard anything about it because

all the Federal Government officers are very much willing to give them everything we have.

Q You stated that at Hyde Park.

THE PRESIDENT: The last time I saw Gerald Nye (Senator Nye) he told me he was delighted with all the cooperation he was getting. Did he say where that is?

Q No, he did not.

Q He is calling a meeting on Monday.

Q Does your Order still stand?

THE PRESIDENT: Yes, on everything that is not a military secret.

Q Did you hear about the report on pine wood resources? The Hearst papers are very much interested and New York is very much interested (showing the President a clipping).

THE PRESIDENT: You know, I have been tremendously interested in this right along. Herty (Dr. Herty) came down here six years ago and did that.

Q I knew you had in general.

THE PRESIDENT: Why don't you get a story out of George Foster Peabody while he is here?

Q I would like comment from you.

THE PRESIDENT: The only comment I have is that I have been interested in it for five or six years and have been following the progress they are making with the belief that there are real possibilities for many, many new uses to which the wood resources, the forestry resources of the South could be put. They have only scratched the surface on that.

Q This is a report merely on the resources and not on the possibilities.

THE PRESIDENT: The resources can be increased too.

CONFIDENTIAL
Press Conference #161-A
In front of the Newspapermen's Cottage on
Georgia Warm Springs Foundation, Warm Springs, Georgia
November 30, 1934, 3.00 P. M.

Q Mr. President, will you give us a slant on what your plans are over the week end, who you are going to see and what you are going to discuss with them?

THE PRESIDENT: I haven't the foggiest idea when they are coming down.

MR. McINTYRE: Why don't you ask him something else? That stuff is all available.

THE PRESIDENT: I don't know what is available and there isn't any conference, just ordinary talk. There is no subject. It is tough luck for you, but there isn't any subject.

Q Any news in your talk today with Moffett?

THE PRESIDENT: No; we talked about his work.

Q I have a nice old question resurrected. We have got from London and Washington the rumor that there has been a note suggesting war debt settlement.

THE PRESIDENT: "S. C. S."

I really, honestly, do not believe there is the slightest bit of news. I do not believe I could write a story myself.

Q We have got to.

Q Any plans for consolidating the housing industry?

THE PRESIDENT: Not that I know of.

Q This idea you were telling us about the other day -- the Federal housing program for low income people?

THE PRESIDENT: No; still very much in the study period.

Q Mr. President, is there anything to say about the relief plans for the

winter?

THE PRESIDENT: Still in the study period -- third of January. You will get a story on the third of January. Anything you write before that will be wrong. (Laughter)

Q We took copious notes of our long Press Conference, the one we had the other afternoon and it would make a swell story if we could release them sometime.

THE PRESIDENT: I do not know how we can. Which one do you mean, the housing or the TVA?

Q Couldn't we write it?

THE PRESIDENT: No, I will tell you why: You will cramp my style. I am thinking, again off the record, I am thinking of using that when I go on the air in December. I think it is a good thing to use.

Q There will be a gnashing of teeth.

THE PRESIDENT: I think it will make an awfully good thing to use. Obviously, I have to talk about agriculture. In other words, you do know this, that I am going to talk on some of the things I did not mention in the last one. I did not talk on agriculture and TVA and probably other things. You all know I am going to touch on some of the things I did not mention in September.

Q Have you decided just what time you will speak -- what day?

THE PRESIDENT: No, I have no idea at all.

Q Are you having a good time down here?

THE PRESIDENT: That is a silly question. I am going to lunch with Cason Callaway on Sunday. No reason why you should not know that.

Q Over in La Grange?

THE PRESIDENT: It isn't his place, it is on top of the mountain. I do not think there is another blessed thing.

Q Any plans for today?

THE PRESIDENT: No, I am going up to the farm, and I will talk about whether I want to sell my cows now or later on.

Q For sale? Your cows?

THE PRESIDENT: Forty for sale. These are beef cattle.

Q Is your superintendent having any luck with his breeding experiments? I talked with him last year.

THE PRESIDENT: Getting along very well and of course in our own cattle we are getting much improved stock.

Q Did you get any drought cattle at all?

THE PRESIDENT: No; I have practically all I can feed. I have to get rid of forty, if I can. I had fifty calves this year but, of course, the prices are terrible, awful.

Q About two cents?

THE PRESIDENT: Two cents; two and a half cents.

Q Are you going to take that up with the Administration? (Laughter) The way the boys are eating at our cottage, you might send one down.

THE PRESIDENT: I will do that; it would be very good business. I will send down a young, tender, fat heifer.

Q A few bottles too. (Laughter)

Q No, we are going on a program of more eating and less of that.

THE PRESIDENT: Well, it was a good party last night.

Q Fine.

Q Mr. President, are you going out to the farm from here?

THE PRESIDENT: No, I have to go back to the house.

Q About what time will you be going out?

THE PRESIDENT: About half past four.

Q Would you mind if we go out?

THE PRESIDENT: No, you had better not because the most of the time I am going to be talking to the farmer.

Q About that tax investigation you are going to make, will you talk to the Census Bureau? They have already made that investigation.

THE PRESIDENT: I am glad to know that, Russ (Mr. Young). I did not know that they had done that.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #162
At the Newspapermen's Cottage on Georgia Warm Springs
Foundation, Warm Springs, Georgia
December 4, 1934, 3.00 P. M.

(The President had come down to visit the newspapermen in their cottage. No notice had been given to the office, consequently the first few minutes of the Press Conference were not recorded. It is understood that the President stated to the press that the Bankhead Bill, provided Congress voted for it, would be retained and that he would recommend to the Congress, at its next session, the exemption from the act of those farmers making two bales of cotton or less.)

THE PRESIDENT: -- And in spite of 5½ cent cotton, our exports were diminishing. This is the answer to Anderson Clayton, only don't say that I said it. Yet, in spite of that surplus of cotton and that price, foreign production of cotton in India, Brazil and other places was increasing. Therefore, cheap cotton not only means starvation for the cotton grower but it does not in any way guarantee increased exports or the stopping of a foreign growth of cotton. I think that is the thing that ought to be emphasized and emphasized and emphasized.

Now, just as long as we have 13¼ million bales' carryover, obviously the price wasn't going to go up. In 1933, when we used the plow-under method, instead of an even greater crop than 1932, which we would have had, we cut the carryover to 11¾ million bales. Rex, check me if I am telling any awful lies here.

MR. TUGWELL: I probably would not know it, Mr. President.

THE PRESIDENT: In 1934, when we used acreage restrictions and the Bankhead Tax Bill, we reduced it still further to 10½ million bales -- that is this year.

Q Ten and a half million bales?

THE PRESIDENT: Ten and a half million. That was before this crop came in. That was before the crop. We hope that by August, 1935, by continuing

the present reduction methods -- not "reduction", call it restriction methods -- that the carryover will only be 8¾ million bales.

All of which means that if we have patience and keep on doing like we are doing, we will get back to about a 4-million bale surplus.

Q When, Mr. President?

THE PRESIDENT: In a couple of years after 1935. In other words, about three more crops.

Q Do you consider that a normal surplus?

THE PRESIDENT: That should be a normal surplus unless -- I am glad you asked the question -- unless one of two things should happen. One would be in the event that foreign demands should be greater by reason of their giving up their synthetic processes, which does not look likely. I told you about the wood pulp process they started in Italy and the one they have in Germany. The other is if increased buying power in this country creates a greater demand. We hope that the latter is not only possible but probable.

In other words, it is the same old story, that if every man in this country should wear two shirts a week, it will do an enormous amount to increase cotton consumption. Unfortunately, there are too many men in this country who cannot afford to wear two shirts a week. I am not looking at you, Fred (Mr. Storm). (Laughter)

Q (Mr. Storm) I was just thinking of having my laundry sent out. With all these barbed-wire clotheslines around here, we will need ten shirts a week.

Q Did you say clotheslines or fences? (Laughter)

Q Mr. President, do you favor retention of the Bankhead excise?

THE PRESIDENT: I think undoubtedly it is far and away the best thing for us to do, to continue with the plan of controlled production in order

to reduce the surplus which is still too much, too large, until it gets to a controllable size. There you have the picture of that three years' constant decline in the surplus. Suppose we took off the restriction, there are two things which would happen. People would plant everything, including the land under the house, and your surplus would go right up again. It would come right straight back and you would get infinitely lower prices for the cotton. The second thing which would happen if we do not go on with this control, the money which the Government has advanced on a total of about nine million bales, if the price of cotton goes down, we are going to have the same terrific loss to the Government that happened in the case of the Farm Board of the previous Administration. The Government is going to be left with nine million bales on its hands.

MR. McINTYRE: Is this off the record?

THE PRESIDENT: This is not for quotation, it is background. You saw what happened with the old Farm Board. The Government undertook to buy surplus and buy surplus and buy surplus so that the surplus of both wheat and cotton just came into the hands of the Government on a declining price-scale so that the Government was left with it and had to take a tremendous loss. The only thing to do is to keep the price up and if the price is kept up the Government will be able to get back what it gave.

Q Under the other, the farmer would also lose?

THE PRESIDENT: Oh, yes.

Q On the exemption, would that exemption be the usual certificate they give now?

THE PRESIDENT: No, I don't know.

Q I have heard that the farmers when they have any excess certificates left,

just pass them along to someone else.

THE PRESIDENT: Yes, the Administration will have to work that out.

Q Do you know how much production is involved in the one and two bales?

THE PRESIDENT: Roughly 700,000 bales of which probably the majority are already in on the plan. At a very rough guess it probably means only a deduction of between 200,000 and 300,000 bales, if that. It is a drop in the bucket.

Q Do you know how many farmers will be affected by that?

THE PRESIDENT: Roughly, 600,000.

Q One other question that shows a great deal of ignorance but I will be darned if I can recall the message. You spoke of a parity price last year of about 13 cents and parity today is about 15½ cents. How does that come about?

THE PRESIDENT: Through the increase of outside things. The parity of farmers' prices of the things he sells to the things he buys. Take the relationship of 1900 and this year. Now of course, if the other things go up, his have to go up too but his are going up faster than what he has to pay for the things he buys. Is that correct, Rex?

MR. TUGWELL: Yes, I think the parity is 15 cents or a little over.

THE PRESIDENT: Yes, 15½ and I think it was about 13.

Q If you do reduce the surplus to 4 million bales on the present program, does that mean a corresponding increase in price?

THE PRESIDENT: I am glad you mentioned that, Stevie (Mr. Stephenson). What we are seeking is not 20-cent cotton or 25-cent cotton. The objective is a parity price. Now, we have gone from 5½-cent cotton to 12½-cent cotton and we hope we can get it higher but nobody has an idea and no sensible person in the south thinks we ought to have immediately 20 or 25 cent cotton.

If we can maintain something pretty close to parity for three or four years more all through the cotton-raising area, and all through this country, it is going to do more for the south than has been done at any time before in our lifetime.

Q This broad principle applies also to the wheat growers and others who are under crop restriction?

THE PRESIDENT: Yes.

Q Is there any thought of extending the Bankhead process to any other commodities?

THE PRESIDENT: No.

Q What is this we hear that you did to General Farley down there in the pool today?

THE PRESIDENT: Did you see the bumps on his head? Those are not bumps of wisdom. (Laughter) Stevie, who was it named the mules?

Q We named them here, one "Tug" and the other "Hop". (Laughter)

THE PRESIDENT: Well, I wish we were not going away.

Q We wish the same.

Q The thing we are looking forward to now is Miami.

THE PRESIDENT: Yes.

Q What are the prospects of Florida this year?

THE PRESIDENT: I don't know; it depends on the Congress. You know what happened last year when I went away.

Q Any other news?

THE PRESIDENT: I have been going around with Carp (Arthur Carpenter) and Duncan Leverett and a man we have hired to clean blackjack out of the woods and showing them how to do it.

Q What is that?

THE PRESIDENT: That is jack oak. We had a demonstration on about an acre

and I showed them what trees to take out and what to leave in.

MR. McINTYRE: Senator (Mr. Young), don't you think you ought to tip the President off on this CCC Camp?

THE PRESIDENT: When do we get down there?

MR. McINTYRE: You ought to get down there tomorrow before we leave. The Senator made a speech there yesterday.

THE PRESIDENT: Did he, really?

MR. McINTYRE: He made a great hit with them. He prayed for a continuation of this program indefinitely. You get him to tell you about it, It was No. 17-A.

THE PRESIDENT: What was that?

Q (Mr. Young) Character building.

Q He said, "We are aiming to build men all through, not only through this depression but all through, to carry the country forward."

Q The Senator addressed the Manchester Kiwanis Club about ten days ago.

THE PRESIDENT: We heard about it.

The only lucky thing is that old man Sherman came through about thirty miles north of here -- if he had come through this section, he would never have come through alive.

Q Is this blackjack bad oak?

THE PRESIDENT: Yes, bad oak. It is scrub oak.

Q It keeps the others from growing?

THE PRESIDENT: Yes.

Q Is there anything to say about relief or the budget?

THE PRESIDENT: January third.

Q Any guess will be a wrong guess? (Laughter)

THE PRESIDENT: I think that is true. We are no further ahead than we were two days ago and that is not very far.

Q Any engagements when you get back Thursday?

THE PRESIDENT: I do not think so. I probably will be exploring the new offices.

Q We have a couple of couches in ours and I understand it is going to help us a lot.

THE PRESIDENT: They are going to make you pay for your new telephones?

Q We always had ours anyhow.

Q We had a meeting of the Board of Governors today and formally replied.

THE PRESIDENT: Don't you think you ought to let them phone back to Warm Springs on us?

MR. McINTYRE: We only have $25,000 for entertainment.

Q I am for it and so are several others.

THE PRESIDENT: Last year Mac telephoned daily down to Warm Springs for about two weeks.

MR. McINTYRE: There were a lot of things we did not clean up when we left here.

THE PRESIDENT: It only lasted two weeks; he forgot at the end of that time.

Q They checked up on it when he got back and he had a lot of explaining to do.

(The President's attention was called to the fact that the Prenosil family was present)

THE PRESIDENT: Yes, I know both of them. Billy wishes to get that cotton story to the financial paper and the A. P. in New York. It is very important.

Q (Mr. Stephenson) You had better come over and check on us, Bill.

Q Is there any chance of giving the corn planters the same break you are giving the cotton planters?

THE PRESIDENT: Did you see the price of corn? Has the corn-hog program

been announced?

MR. TUGWELL: It has been announced.

Q Are you taking up with Tugwell the price of cattle?

THE PRESIDENT: I have.

Q What did he report?

THE PRESIDENT: Dr. Hoke knows more about cattle down here than either one of us. He says we will have to cut out raising cattle on the top of a mountain or else plant trees. I can't get any decent pasturage up there.

MR. TUGWELL: I saw cows grazing on fruit land. It was the first time in my life.

Q Do you have to buy feed?

THE PRESIDENT: I have enough feed to carry them over but I haven't enough fattening stuff. They can live up there but I cannot fatten them and as long as I do not, I cannot get a decent price.

MR. TUGWELL: Can't you let them get their growth up there and then bring them down and fatten them?

THE PRESIDENT: Yes; I have a lot of land on the other side, I have about 400 acres, but I will have to revamp the farm somehow.

Q It is bad enough for Tug and Hop as it is. (Laughter)

MR. TUGWELL: Yes, they live on very little.

THE PRESIDENT: They come high in the beginning but after that they do not cost much.

Q That is true too.

Q Speaking of the mules, are they fractious?

THE PRESIDENT: Their names sound fractious, don't they?

MR. McINTYRE: They are broken as a team.

THE PRESIDENT: They are a good-looking pair of mules, though. (Laughter)

Q Have you decided on your radio speech that you talked about just before

you left Washington?

THE PRESIDENT: No, I have no idea. Somewhere between the tenth and the twentieth.

Q Are you making a speech at the Camp (CCC Camp) tomorrow morning?

THE PRESIDENT: I do not believe so.

MR. McINTYRE: When is the best time to go?

THE PRESIDENT: Arrange it for about quarter of eleven, just before I go to the pool.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #163,
Executive Offices of the White House,
December 7, 1934, 4.00 P. M.

THE PRESIDENT: How do you like it? (Referring to the new White House offices)

Q One thing missing; we haven't any flowers in our room.

MR. McINTYRE: Nor a public phone either.

THE PRESIDENT: I told them that in Warm Springs. This (referring to the President's office) is going to look all right as soon as we get pictures hung.

Q It does not look much larger?

THE PRESIDENT: It is two feet wider and two feet longer. Isn't that nice up there, that ceiling?

Q I would like to get one of those (referring to the seal) myself.

THE PRESIDENT: Did you find everything all well when you got back?

Q (Mr. Young) Yes, sir.

THE PRESIDENT: Is there room in the back? Can you see?

Q There must be 300 here.

MR. DONALDSON: All in.

THE PRESIDENT: It does not look to me as though there is as much room as there used to be. I was just saying to Senator Young that this room is two feet longer and two feet wider than the old room but it does not seem to be so. Every inch is taken. Next time we build a new one we will add a few feet.

I do not think there is any news at all. I have been trying to orient myself since we got back and I don't believe there is any news you have not got.

Q Have you set the date for your radio talk yet?

THE PRESIDENT: I have not thought of it. It is sometime between now and Christmas.

Q Do you share Ambassador Bingham's views that a great opportunity exists at the present time for Anglo-American cooperation?

THE PRESIDENT: Where did you get that?

Q He expressed that in his speech in London last week.

THE PRESIDENT: I will have to get a copy of it. (Laughter)

Q One of the Press Associations today is carrying a story to the effect that you will ask for $4,000,000,000 next year as a general fund in which everything will appear for your various emergency agencies.

THE PRESIDENT: Down at Warm Springs, Russell (Mr. Young) and I invented a ditty, the first verse of which goes like this: "There will be an announcement on that on January third." And the second verse goes like this -- we are very good at it together -- "If you guess now, the chances are ten to one you will be wrong."

Q That still holds?

THE PRESIDENT: That still holds. And then we invented another phrase down there -- you might just as well become familiar with it -- "S. C. S." and I am going to use that a great deal. It means "Sewing Circle Story." Next!

Q Can you tell us anything of your talk with Senator La Follette and Governor La Follette today?

THE PRESIDENT: Nothing in particular. We talked about a lot of things, including the general problem of relief and public works and the general problem of everything that goes with it. We were just surveying it from every angle.

Q I have a new question to ask: There has been pending in the Senate since 1931 a treaty for the preservation of the beauty of Niagara Falls and

within the last year there have been two big slides up there and, really, the people on the Niagara frontier are concerned about it. Canada did ratify the treaty but our Government never did, the Foreign Relations Committee turning it down. I am wondering if anybody did anything about it?

THE PRESIDENT: I will have to check on that; I did not know there was a treaty.

Q The operating companies -- there was a provision that the power companies would get 10 per cent more water.

THE PRESIDENT: I remember that when I was Governor. Didn't I write a letter opposing it?

Q I do not know.

THE PRESIDENT: I think I did on the ground that if there was any more water to be taken, the power companies should pay for it. As I remember it, they were going to get the additional water for nothing and I think, as Governor of the State of New York, I wrote a letter of opposition to it on that ground.

Q That would be sound opposition but I wondered, on the larger thing, whether there was anything done on the preservation?

THE PRESIDENT: I think something should be done. It is a brand new thought. I think I will take it up. It is a grand question. As I understand it from geologists, the question is whether you can eat your cake and have it -- in other words, whether you can have enough water go over the Falls and, at the same time, prevent the crest of the Falls receding year by year. They have been doing it at the rate of several thousand years and, at the present rate, they will be getting back to Lake Erie well after we are dead. It is a question. And another suggestion that was made was that the Falls should be turned on every so

often for the benefit of sightseers and then turned off again. But I am glad you told me about it. I will take that up and find out where it is.

Q Can you tell us for what purpose you are sending Ambassador Gibson to Europe?

THE PRESIDENT: Sending whom?

Q Hugh Gibson.

THE PRESIDENT: I am not sending him to Europe. I did not know he was going until he told me he had a small boy over there who was sick. He is over in the mountains and Hugh is going over.

Q I was just wondering whether you had asked him to go over?

THE PRESIDENT: No, he is going over to see his boy; nothing official in it.

Q Can you tell us whether General MacArthur will be Chief of Staff after the fifteenth?

THE PRESIDENT: I cannot.

Q Can we induce you to comment on the naval negotiations?

THE PRESIDENT: No. I think that as things stand you know about as much as I do. You read Norman Davis' speech and Cordell Hull talked to you off the record on it yesterday. I do not think there is any more can be said on it now.

Q Any background on the situation in the Balkans?

THE PRESIDENT: Again, off the record, I did not know anything until I read the first edition of the Star. I talked to the Secretary of State and he has been telegraphing to various people of ours in the embassies and legations. We have not heard a word yet. Maybe the wires are down.

Q Have you received any report on the automobile industry?

THE PRESIDENT: No.

Q Mr. President, did your statement at Warm Springs constitute a further

endorsement of the Bankhead act?

THE PRESIDENT: I did not say it constituted an endorsement of the Bankhead act. What I did do was to give them some figures that they could use down there -- the boys down there -- with the statement that if the Bankhead act continued and was extended, I would recommend to the Congress a provision to take care of the small crop grower. If I were writing the story I would say that it was not an endorsement but does show the Administration is in favor of extending the Bankhead act. In other words, it is not an official endorsement or anything else, but we are in favor of it because we do not know any better method of handling the situation.

Of course, that statement down there was made after a long telephone call -- this is background -- with the Secretary of Agriculture and we had a complete and absolute meeting of the minds on it. Therefore, do not write a story that there was dissension between the Secretary of Agriculture and the President, because there is not.

Q Thank you, Mr. President.

(The Press Conference adjourned at 4.10 P. M.)

CONFIDENTIAL
Press Conference #164,
Executive Offices of the White House,
December 12, 1934, 10.30 A. M.

THE PRESIDENT: I have got a lot of news this morning.

Q How about this survey you are going to make by the Treasury Department -- this survey of the taxes (of the District of Columbia)?

THE PRESIDENT: We are starting on it. I do not know whether they have actually started but they have orders to do it.

Q (Mr. Storm, who had come in behind the others) It is pretty bad when you have to make that end run out there.

MR. DONALDSON: All in.

THE PRESIDENT: Lots of news today.

No. 1, I have sent a letter to the Secretary of War directing that General Douglas MacArthur be retained as Chief of Staff until his successor has been appointed. I am doing this in order to obtain the benefit of General MacArthur's experience in handling War Department legislation in the coming session. I cannot give you any date because I have no more idea than you have when that work up on the Hill will be finished. Of course, obviously, sometime before the end of Congress.

Q That order to keep him on -- that is an Order?

THE PRESIDENT: Yes.

Q We assume from that that General MacArthur will not have an appointment for four years more?

THE PRESIDENT: That is right.

Q Does this necessitate a new Executive Order?

THE PRESIDENT: The other was not an Order, it was a letter to the Secretary of War. The letter says:

(Reading) "My dear Mr. Secretary:

I desire you to issue the necessary order to the effect that Douglas MacArthur will contimue as Chief of Staff until his successor has been appointed."

That is all.

I signed an Executive Order setting up the Federal Prison Industries, Inc., as authorized by the Act of June 23, 1934. This is a long step in the right direction. This board, among other things, will determine to what manner and to what extent industrial operations shall be carried on in Federal penal institutions. It is a board of five, one representing industry, one representing labor, one representing agriculture, one representing retailers and consumers and one representing the Attorney General.

That particular statute was the result of being able to iron out a conflict of long standing between people who run the prisons, the industries and organized labor. This was agreed to by everybody last spring and the people going on are Sanford Bates -- Steve (Mr. Early) will give you the Order -- Thomas A. Rickert, John D. Miller, Dr. M. L. Brittain of Georgia Tech. and Sam A. Lewisohn of New York.

Q Mr. President, is it time to ask you a question? You indicated that you had ordered this survey of the local tax situation. Will that be out in time to give it to the Appropriations Committee?

THE PRESIDENT: Yes; that is what is intended.

And now, number three, is a very short one and principally for Washington, D. C. I think it is my fault. I think I gave Clark Howell the wrong impression about the aviation field for Washington. I had been studying the thing with a good deal of care and there had been a report, I think, either from the National Capital Park Planning Board or from the Interior Department in favor of a new field on the other

side of the river, opposite Haines Point. And good old Clark came in the other day with his Commission and they talked about a field and they were talking about the Haines Point field and I was talking about the one on the Virginia side.

As a matter of fact, I don't think there is any possibility of using the park at Haines Point. It is not the proper place for it, it is too close to the city, and it also destroys the park. We are still studying the Gravelly Point site. There is nothing decided on it yet but I think you can say that at the present time the Gravelly Point site looks like the best bet.

Now, most important of all, I am having a meeting at 2 o'clock today with -- you had better takes these names down because I haven't any copies -- with Secretary Hull, Secretary Morgenthau, Secretary Dern, General MacArthur, Secretary Wallace, Secretary Swanson and Harry Roosevelt, Secretary Perkins, Coordinator Eastman, George Peek and Bernard M. Baruch and General Johnson. (Laughter)

Now I have got you all intrigued. Isn't that a funny combination?

Q Is it for tea? (Laughter)

THE PRESIDENT: It all goes back and is a long story. Those of us who served in the World War know that we got into the war in a great hurry. We had never been in a war on such a scale in our National history and, as a result of it, we muddled through the war and did a lot of things we should not have done.

After the war was over, there was a very large sentiment in the country for so ordering things by law that if we should unfortunately get into another war, we would eliminate some of the very great faults of the World War.

One of the principal students of that particular problem was Mr.

Baruch. He and General Johnson worked very hard for a good many years on the possibility of legislation which, in a broad sense, could be legislation to take the profit out of war.

Probably no two people have done more work on that subject than Baruch and Johnson. There were a number of Congressional hearings of various kinds, I don't recall just what they were, but I think both Baruch and Johnson did appear before the Senate and House Committees and the whole subject was pretty thoroughly canvassed. Nothing was ever done about it. There was no legislation passed.

We have decided that the time has come when legislation to take the profit out of war should be enacted. We are meeting this afternoon in order to discuss such legislation. It is with the idea that some time, fairly early in the session, I will be able to send a message to the Congress on this general subject.

Everybody in the country knows what munitions profits and other profits meant during the World War. Not only our country, but the world as a whole, is pretty thoroughly alive to these profits of munitions makers in time of war and in time of peace.

Gerald Nye's investigation has helped very materially in making people conscious of it and there is another reason for doing it now and that is that the world is at peace and there does not seem to be any war that is pending. That is another reason why it is an opportune time to take the subject up.

I imagine that we will discuss the whole range of the subject. In other words, not merely the financial side of it but also the economic side of it, bearing in mind that as a result of the last war, the World War, a good many things happened that, perhaps, headed us for the unfortunate ten-year period that succeeded the war such as overproduction,

enormous salaries, enormous personal profits and a complete lack of coordination in our economic system.

Then there is the other phase of it which might be called the personnel phase of it. During the World War we did more than in any other war to mobilize the human beings in the United States, and we did a very good job, on the whole. But, as a result of what might be called "unequal" mobilization -- well, for example, the whole bonus question is in good part the result of unequal mobilization of human beings during the war.

So this conference is going to take up both sides of the broad problem of how the United States would run a war if we were to get into one. I regard it as one of the very important things that will be laid before the Congress this winter.

Q What do you mean by unequal mobilization?

THE PRESIDENT: Well, just for a very simple example, the boys in the trenches got paid a dollar a day and the boy who was working in the munitions plant in Bridgeport got perhaps $8 or $10 a day. Naturally, the boy in the trenches, when he came back, asked for an equalization, which was the origin of the bonus.

Q Does that mean taking the profits out of our own war or taking the profits out of munitions?

THE PRESIDENT: That is an entirely different subject and perhaps you had better treat that question as not having been asked, because I don't want to spoil a good story. A little bit later on I do think that I will have something to tell you with respect to the position of the United States as a neutral in the event of war between other nations, but I am not ready for it yet. Treat it as off the record.

Q Would there be any possibility of this country entertaining conversations

with other countries so that other countries might do the same as we do for themselves?

THE PRESIDENT: I hadn't thought of that. Perhaps the force of example might be good.

Q Could we put quotation marks on that, "since the time has come to take the profits out of war"?

THE PRESIDENT: Yes.

Q Would the question of compulsory military training come up in connection with this broad plan you speak of?

THE PRESIDENT: Oh, no. No, that won't come up. Steve (Mr. Early) suggests that because there are a good many new faces, just to reiterate the old rule about quotes and also to say what "background" means and what "off the record" means. Will you explain it to everybody who does not know?

Q That sentence I gave is okay?

THE PRESIDENT: That sentence is all right.

Q The Nye Committee is running pretty low in funds and there seems to be some discussion --

THE PRESIDENT: (interposing) I thought you said, "fun". (Laughter)

Q And I was wondering if you have any idea of recommending that their supply of money be added to when Congress opens for a continuation of the inquiry.

THE PRESIDENT: No, I never recommend anything with respect to Senatorial Committees.

Q We could not describe this as preparedness, as discussed before the World War?

THE PRESIDENT: No. Really it would be of service if you all would leave out any suggestion of this being a question of preparedness. It is a question of permanent national legislation looking to an event which

we hope will never happen, and I am bringing it up because there isn't any cloud on the horizon at the present time.

Q You have a complete report on this line as a result of the report of the War Planning Commission. Will that serve as a basis?

THE PRESIDENT: I don't know that.

Q They studied it here for about two years and brought out a very exhaustive report.

THE PRESIDENT: I have got to confess, off the record, that I never heard of it.

Q Have you any idea as to how this should be done, whether it should be done through an excess profits tax or --

THE PRESIDENT: I have no idea at all. We are having our first talk at two o'clock today.

Q Mr. President, can you tell us about water resources and land utilization? We understand you have the reports.

THE PRESIDENT: The National Resources Board report is not ready yet. I understand it is to be released tomorrow for Monday morning papers. That will give you about a three-day opportunity to read it.

Q Mr. President, the Supreme Court yesterday made some observations about the fact that Executive Orders had not been made public. Are you looking into that?

THE PRESIDENT: Yes. There is no reason why I should not go into that. It brought up a very nice question.

The Supreme Court discovered something of great importance and that is that there has never been any machinery in the Government for the publication of Executive Orders and similar orders. I am now looking into the question.

It has always been the custom in the past for Executive Orders to be kept on file here in the White House and another file to be open

to anybody's inspection in the State Department, but there has never been any medium, any vehicle, for the publication of Executive Orders or, even, of proclamations.

Obviously, in view of the Supreme Court's calling our attention to the fact, it is a thing we should do something about. There is no secrecy with respect to Executive Orders of any kind, whether they be from the White House or the NRA or the AAA or any other source. A great many of them are not of sufficient interest for the Press to publish them in full and, at the same time, I don't want to start a Government newspaper in order to publish them.

At any rate, we are looking into it to see what can be done.

Q Have you any thought of bringing Joe Broderick down here for an official post?

THE PRESIDENT: I haven't given any thought to it.

Q He resigned yesterday.

THE PRESIDENT: Did he? I didn't know that.

Q Did you say the Executive Orders can be found in the State Department?

THE PRESIDENT: They are open to everybody, but there is no method for what the law calls publication at the present time. There isn't any official publication.

Q Recently the State Department has been posting them on the Bulletin Board in the Press Room.

Q Thank you, Mr. President.

(The Press Conference adjourned at 10.40 A. M.)

CONFIDENTIAL
Press Conference #165,
Executive Offices of the White House,
December 14, 1934, 4.05 P. M.

MR. DONALDSON: All in.

THE PRESIDENT: There are two good reasons why there is no news today: The first is that I talked myself out on Wednesday, and the other is that Steve (Mr. Early) has gone duck hunting and said that I could not give you anything.

Q Have you anybody in mind to replace Mr. Farrell (Patrick J. Farrell) on the Interstate Commerce Commission?

THE PRESIDENT: No.

Q His term expires this year?

THE PRESIDENT: I have not taken it up at all.

Q Can you tell us whether you discussed the cotton barter deal with Germany lately?

THE PRESIDENT: No, not yet.

Q Do you intend to fill the two places on the Federal Tariff Commission?

THE PRESIDENT: I have not thought of it at all.

Q Anything you can tell us about Conboy's (Martin Conboy) visit this morning?

THE PRESIDENT: No -- yes, I can. I can tell you this, that Martin Conboy reminded me that he had said that he wanted very much to stay (as District Attorney in New York) only for a year and that the year would be up in January and that he still held to that but that if I could not find anybody to take his place at the end of the year, he would be entirely willing to stay on for a month or two until I found somebody. So that is entirely satisfactory.

Q During the crime conference there were several suggestions of better coordination on the part of police organizations and there was an indication that a step of that sort might be under consideration. Can you tell us or express your views on general coordination of the various police departments and investigative agencies?

THE PRESIDENT: I could not because I have not done anything but read the headlines and I have not had a chance to talk to them about that yet.

Q Is there a plan like that in consideration?

THE PRESIDENT: Coordinating?

Q Yes, and centralization?

THE PRESIDENT: I would not put it that way. Yes, coordination of work but I would not call it centralization.

Q No centralization of control or anything like that?

THE PRESIDENT: No.

Q Ambassador Dodd is returning from Germany and the rumor is that he is coming back permanently?

THE PRESIDENT: I sincerely hope not. I think he is coming home for the Christmas holidays and that is all.

Q William Green (President of the American Federation of Labor) told us this morning about the recommendations of labor on NRA. One of those was a recommendation that Government supervision be continued in the new setup over industry. I was wondering if you would care to comment on that?

THE PRESIDENT: That is pretty vague. I do not know what you mean.

Q What I think he means is that under the new NRA, the Government would continue to administer the relations over industry somewhat as it is doing now.

THE PRESIDENT: You mean on the labor end of things?

Q Yes.

THE PRESIDENT: Well, I do not think there is any question about that. We put our hand to the plow and undoubtedly, with respect to all of these labor problems, there is going to continue to be a great deal of interest and participation in them by Government. In other words, the country is certainly not going to abandon the very great steps that have been taken during the past year and a half -- child labor, working conditions, minimum wages, et cetera. I do not think anybody would suggest that they be thrown out of the window.

Q Have you found any way to persuade the bankers and insurance companies to cooperate with the Federal Housing Administration under Title II?

THE PRESIDENT: Is that the one that requires additional state laws?

Q In some instances. Mr. Sloan in New York indicated that the Administration is not pleased -- rather, that there had been lack of cooperation on the part of bankers.

THE PRESIDENT: Not that I know of. The only phase I know if is that Jimmy Moffett has sent me a letter and I am preparing a letter now to the governors, I think of the forty-four states that have legislatures meeting, sending them all Jimmy Moffett's recommendations in regard to removing certain restrictions on that type of loan which now exist by virtue of state law. Just to give you an example, a great many states confine the amount of a loan to 50 per cent of the value. The State of New York last August, in a special session, passed what Moffett said is the proper kind of amended statute. I am sending that letter to the governors and, after they have had a chance to get it, I will give you copies of it.

Q Have you any comment to make on the resolution of Clay Williams that Green (President Green of the A. F. of L.) presented to you today? (Laughter)

Q In view of the action of the principal European nations in defaulting outright, do you hope there will be any resumption of payments under existing agreements?

THE PRESIDENT: I certainly do. (Laughter)

Q Mr. President, can you tell us anything about your conference with the utility men yesterday and Mr. Carlisle today?

THE PRESIDENT: Well, it is very difficult. It is such a tremendous subject. I should say that probably there are two things that should be properly said. The first is that the talks were entirely amicable and that there was a disposition to work together rather than at cross purposes by running into court on every possible occasion. The other thing is that I made perfectly clear that on the general utility problem it is largely a question of fact and the fact relates to how much capital is necessary to provide the generation of electricity and its transmission and its distribution, and that when you arrive, if it is a possible thing to do, at a meeting of the minds on those figures, it is a comparatively simple thing to say what the net earnings should be and what rate is necessary to produce those net earnings.

Now, of course, the corollary of it is that if existing capital is far and away above those figures, it is just unfortunate.

Q Well, Mr. President, in those calculations would you produce the actual or the reproduction cost?

THE PRESIDENT: Now, you are getting into details which are matters for discussion. I will give you an example, however. If you take reproduction costs in a period of rising prices, say during the 1920's, are you going to allow recapitalization each year and if the prices go up without, at the same time, saying that in a period of decreasing prices, declining prices, that you are going to decrease your capitalization?

Nobody has ever been willing to admit that among the old line power crowd. They say the rule works one way and not both ways. Of course the prudent investment theory is the one that most people should come to in this country, there is no question about that.

Q The Supreme Court hasn't?

THE PRESIDENT: Hasn't got to it yet. (Laughter)

Q Did they agree with your statement?

THE PRESIDENT: No, but they thought it was worth talking about. They did not advocate it. In fact, quite a number of them have said, quite frankly, that if there is water in utility companies, there ought to be cooperation in squeezing it out, and they have been quite frank in saying so. In other words, I think we are getting somewhere. If you can squeeze water out by common consent, it would be a great thing.

Q Did they discuss TVA and your proposal to extend TVA all over the country?

THE PRESIDENT: When did I say that?

Q I think you said something down in the Tennessee Valley district that eventually that yardstick will be applied everywhere in the Union.

THE PRESIDENT: That wasn't what I said. You had better read the language.

Q In that same connection, I noticed you said that they were pretty much agreed that they would not run to court, that there was a disposition to work together rather than to run to court in every controversy. With respect to that, did you discuss the pending court fight of the Edison Electrical Institute?

THE PRESIDENT: Yes, and the people I talked to, I gathered they were not in the least bit in favor of it. That was my impression because they told me they had nothing to do with the suits brought in the Tennessee Valley. They disclaimed any connection with them.

Q I take it you did discuss squeezing the water out of stocks?

THE PRESIDENT: I did not put it just like that. You know, I am a rough fellow, but I did not. (Laughter)

Q To return to the debts, may I ask on what you base your hope that the payments might be made?

THE PRESIDENT: Now, now. (Laughter)

Q Has any progress been made since Wednesday to take the profits out of war?

THE PRESIDENT: Not yet. We are getting on all right.

Q Mr. President, what will be the next step in the endeavor to take the profits out of war?

THE PRESIDENT: Well, I suppose the Committee will talk it over in the course of the next couple of weeks and come back here and talk to various people in the House and Senate and try to arrive at something that everybody will agree on.

Q Can you tell us anything on O'Connor (Comptroller of the Currency)?

THE PRESIDENT: What?

Q The Comptroller of the Currency?

THE PRESIDENT: Oh, no; we just talked generally about the examination of banks; that is all.

Q Anything on the question of his leaving?

THE PRESIDENT: No.

CONFIDENTIAL
Press Conference #166,
Executive Offices of the White House,
December 19, 1934, 10.35 A. M.

MR. DONALDSON: All in.

THE PRESIDENT: I do not believe there is going to be any news much before the third of January.

Q How about your radio speech?

THE PRESIDENT: Well, what happened on the radio speech was what you would call one of those things. So many things came in when I got back that I never got around to preparing it. I never found a minute to prepare it. It is still possible but improbable. You know, in preparing a Message there is a tremendous volume of stuff that comes in. You have to sort it and then the position I am in, quite frankly, at the present time, is trying to determine how much should go into the Message and whether there is enough outside of it that ought to be talked about separately. I have not just got to it.

Q You probably would have what you would have said in reduced form?

THE PRESIDENT: What is that?

Q You will try to include what you would have said in your radio talk in your Message?

THE PRESIDENT: If it is still possible, I may work something out on the air, but it is improbable.

Q There has been a lot said about the new policy of abandoning the freedom of the seas. Can you tell us something about it?

THE PRESIDENT: No; that is newspaper talk.

Q In that respect, so much has been said about this question of neutrality in the papers. Could you tell us what your objective is?

THE PRESIDENT: The objective is neutrality, which has always been difficult to retain in the past. Some of you older people who were here in 1914, 1915 and 1916 and the first few months of 1917 know exactly the difficulty of retaining neutrality.

Q Mr. President, there has been a screwworm epidemic in the Southeast.

THE PRESIDENT: What?

Q A screwworm. Georgia is very much alarmed and it is also said that Warm Springs has been attacked. I wonder if they will get help from the FERA?

THE PRESIDENT: What is that?

Q Screwworm. They say it has gone up as far as --

THE PRESIDENT (interposing): What does it affect?

Q Animals -- cows and horses.

Q It works in itself and spreads through the flesh. It is very bad.

THE PRESIDENT: My Lord! I hope it does not attack the two mules. (Laughter)

Q It affects all warm-blooded animals. (Laughter)

THE PRESIDENT: Both sexes? (Laughter)

Q You put creosote on it.

THE PRESIDENT: Well, we will have to get hold of Tug and Hop and go after it. It is partly agriculture and partly relief. I wish somebody would tell me something more about it. I will look into it. I never heard of it.

Q I beg your pardon. (Laughter)

Q We are very much interested in following out the story that came up here from New York City with relation to LaGuardia, the Power Commission of New York and the naval officers at New York with respect to the power plant at the Navy Yard up there. Is anything going forward on it today?

THE PRESIDENT: Only that they are coming in. I think it is a mistake to talk about it from the general utilities end of things. It is a per-

fectly simple question. Well, let us illustrate: Away back when I was in the Navy Department, we did put up a powerhouse because we found we could save money by putting up our own powerhouse. If you were starting a factory in New York City, one of the things you would ask your engineers would be, "Is it cheaper for us to make our own power or buy it from the New York Edison Company?" That is all there is to it. The Navy, I think, has at the present time a study which either is being made or has been completed in regard to additional power for Federal purposes and the question is, "Is it cheaper for the Federal Government to make power for its own use or buy it?" Now, the City of New York is apparently up against the same question. It is merely a question of whether it will be cheaper for the city to make its own power or buy it.

Q Does that mean having it in yards in the Navy?

THE PRESIDENT: No, just the New York yard.

Q I thought they already had it?

THE PRESIDENT: Yes, but they need more power and the thing has been going on for some months. As a matter of fact, I did not know it until Floyd Carlisle told me that the Navy had not paid its power bill since July and then I looked into it.

Q Why is that?

THE PRESIDENT: As to whether the price is excessive.

Q Do you happen to know of any kick or protest on the part of the Government against rates here in this city? The Navy makes its own power at the Navy Yard in the capital.

THE PRESIDENT: We buy some.

Q We buy two-thirds and make one-third.

THE PRESIDENT: The only thing I heard was last year some suggestion that we give up the Navy Yard power plant and we looked into it and decided it

was cheaper.

Q Does that mean that the local rate is lower?

THE PRESIDENT: Somewhat.

Q It is very low here.

THE PRESIDENT: Yes.

Q Can you tell us something about the Nicaraguan Canal?

THE PRESIDENT: Only that when I was a very small boy, about 1890, my father was very much interested in it and my mother still has in a safe deposit box enough stock in that old Nicaraguan Canal Company to paper a whole room.

Q You ought to be in favor of it then.

THE PRESIDENT: That has gone. (Laughter)

Q Does the statement of Mr. McCarter represent the attitude of all the public utility men you have talked with?

THE PRESIDENT: I should say no.

Q On that same subject, if you find from your talk today that it might be cheaper for New York City to manufacture its own power, would the Federal Government help them perhaps with PWA funds?

THE PRESIDENT: If it is a legitimate self-sustaining project, it certainly would be considered.

Q Has Carlisle taken a more conciliatory attitude?

THE PRESIDENT: That is getting into very tricky ground, talking about conciliatory.

Q Do you have any other Federal yardsticks definitely in mind?

THE PRESIDENT: Other than what?

Q Muscle Shoals, Boulder and St. Lawrence?

THE PRESIDENT: No.

Q Can you tell us whether the reports are correct that the cotton barter deal

with Germany has bogged down?

THE PRESIDENT: Still in the discussion stage.

Q Can you tell us whether the State Department has advised you that as it stands now it is in conflict with our most-favored-nation treaty policy?

THE PRESIDENT: I could not answer the question because I have a long memo and have not read it yet. I don't know. It is in the basket.

Q There is a report this morning that Senators Costigan and Wagner are contemplating a bill for a billion dollars more fund for the Home Owners' Loan Corporation?

THE PRESIDENT: No. That is still in the study stage by the Credit Agency Committee. You know there is that subcommittee of the Emergency Council that is composed of the heads of the different credit agencies. They have not reported yet.

Q Can you tell us anything about the naval situation?

THE PRESIDENT: That will have to come from London.

Q Will you comment on the Japanese Privy Council's action in renouncing the London-Washington Treaty?

THE PRESIDENT: We have not been advised of any action.

Q I am very much concerned about a report that you are planning to tear down the Library of Congress.

THE PRESIDENT: I do not know where that came from. It shows how terribly careful you have to be about making remarks. I was driving back from the Navy Yard with somebody and we were driving past the Library of Congress and I said, "I feel that that building is entirely out of keeping with the Capitol, the Senate and House Office Buildings and the Supreme Court." That is as far as I have gone. I never said another thing, but somebody took it up.

Q Was it Lynn (Architect of the Capitol) you said it to?

THE PRESIDENT: No; that is all I ever said.

Q You have not given any directions?

THE PRESIDENT: No, none at all.

Q Before you decide on that, will you give us an opportunity to present a case for preserving American and Italian architecture?

THE PRESIDENT: Would you include the old Post Office building? (Laughter) You know, there is a lot in it. Why should we make everything --

Q (interposing): How about the State, War and Navy building?

THE PRESIDENT: I have lived in it for a number of years.

Q What is going to be done about the State, War and Navy building?

THE PRESIDENT: Nothing is going to be done. As a matter of fact, we are not going to rebuild any buildings at the present time because, as a matter of fact we cannot spare the space. We need every available space, so that all the talk about rebuilding any building for a number of years is silly. We need the floor space and the money for other purposes.

Q Does that hold good about the change down in the Library of Congress?

THE PRESIDENT: Of course, unless Congress itself decides on that action.

Q The old Post Office building will stand?

THE PRESIDENT: We need the space; it has got to stand.

Q In that connection, the Secretary of War recommended the construction of a new War Department building as distinguished from the present building?

THE PRESIDENT: Only this: Of course, the one thing which I will always go down on my knees and ask forgiveness for was my plea for the Navy and Munitions building during the war. I was responsible for it and I am terribly sorry I made them so permanent. Eventually they have got to be taken out of the Park.

In regard to what building we will build next, the War Department or something else, we do not know yet. It is a simple problem. We need

a lot more space and we will undoubtedly build new buildings with the objective of getting more floor space. What department will get the new building, nobody knows. But, whatever department gets a new building, the present department space will have to be retained temporarily.

Q Are you familiar with the row over the location of the new building that the War Department will have? One school of thought was for extending it out along Pennsylvania Avenue to Nineteenth Street?

THE PRESIDENT: It is not going along Pennsylvania Avenue; it is going along the Mall.

Q Can you tell us anything about steel labor negotiations -- background or any other way?

THE PRESIDENT: You had the story yesterday and they are still talking about it. There were three points to the agreement and I think the papers carried that this morning. It is more a question of a formula of words than anything else.

Q On this building problem, do you expect there will be more Government employees in Washington during the coming year?

THE PRESIDENT: I hope not.

Q Can you tell us about your talk with Eastman on the railroad question?

THE PRESIDENT: It is still in the conversation stage; nothing definite on it.

Q On steel, on this formula, are you hopeful of an agreement there?

THE PRESIDENT: I hope so, yes.

Q Very soon?

THE PRESIDENT: The quicker the better. There is no specific date on it.

Q Reverting to the Messages to the Congress, is it your plan to have a cover-all Message or send individual Messages later on?

THE PRESIDENT: Long before I even went to Albany, I was appalled and I think most people were appalled by the length and detail of all Presidential

and Governors' Messages. I started the practice in Albany of cutting the Message from an average of about 5,000 words down to about 2500. The same way here, my general thought is on Messages to the Congress that they should talk about principles and objectives, the larger ones, just the way I did last year. If you read last year's Message, you will get a good line on what type of Message it will be this year. And then, when you come down to the details of legislation, they go into Special Messages. Again, I am going to try to keep it as short as I possibly can.

Q Do you recall the length last year?

THE PRESIDENT: Do you remember last year? About 3,000 or 3500. Better check on that.

Q Gene Black died this morning.

THE PRESIDENT: I know. It is too bad. I am awfully sorry about that. He was a grand fellow. And, off the record -- this has got to be off the record -- I always loved Gene Black because he would come in and I would say, "Don't you think we had better do this? I have made up my mind." And he would answer, "Now, Boss, just let me present the other side of the case to you." And he would do it in five minutes and, at the end of that time, he would say, "Now, listen: I have told you the other side of the case; I am a good soldier; I will do whatever you want."

It is really a great shock because I think he was one of the last men I thought would go quickly. He seemed to be in good health. I saw him at Warm Springs.

Q Getting back to power, have you had presented to you any detailed figures on the amount of water which should be taken out of utility stocks?

THE PRESIDENT: No. Of course, as a matter of fact on that, there is one thing -- I think you had better keep this off the record; well, no, you

can use it for background. There has been a general -- I won't say an effort, because perhaps that is rough, but perhaps we have fallen into the error, which is perhaps a more polite way of putting it, of lumping utility securities. There have been stories written about the insurance companies and the savings banks which, of course, hold utility securities.

But, if you begin to analyze, taking the savings banks of this country, the bonds that they hold are in almost all cases underlying bonds of operating companies, and the overwhelming proportion, 98 or 99% of those bonds are as sound as a government bond, absolutely all right.

Where there is water, it is not in the financial structure of the operating companies, it is in the financial structure of what you and I call the holding companies, where it is first, or second, or third, or fourth, or fifth, or sixth or seventh.

Therefore, it is beclouding the issue to lump all utility stocks and bonds into the same category. As I say, I am not saying it has been deliberately done; I think it is just one of those slips that people are apt to fall into.

Q Does the same thing apply to railroads?

THE PRESIDENT: No. In the general railroad picture there are very, very few of what you and I would call "holding companies". There are a few, but comparatively few. Most of the railroads have built up their capital structure through a policy which I think most of them wish now they had never pursued, which was of not building up sinking funds or amortization funds and when the bonded indebtedness came due, instead of paying off, they have refunded it, which resulted in the original construction cost of a large proportion of the railroads in this country being still part of the structure after 75 or 100 years. It has never been paid off.

Q Insurance companies hold the same type of stocks and bonds as banks?

THE PRESIDENT: A great number of them -- underlying securities.

(The Press Conference adjourned at 10.50 A. M.)

CONFIDENTIAL
Press Conference #167,
Executive Offices of the White House,
December 21, 1934, 4.05 P. M.

Q (Mr. Storm) What is in the bottle, Mr. President?

THE PRESIDENT: I will tell you about that. (Laughter) I wish there was something in it -- it would be worth money today if there were.

MR. DONALDSON: All in.

THE PRESIDENT: There is a unanimous demand in the front row that this (indicating a green and dark brown bottle) be explained. In the first place, there is nothingin it. The Public Works people dug, pulled that out of the York River the other day on the exact site where a British frigate was sunk at the time of the siege of Yorktown. It is a hand-blown bottle, was probably down there 150 years and is an interesting relic of the War of Independence.

I do not think I have anything today at all. Have you anything, Fred?

Q (Mr. Storm) We are not in the market for much (Laughter)

Q Do the prospects of a cotton barter deal with Germany look any better?

THE PRESIDENT: I will talk to you about it Wednesday morning.

Q How about a Christmas story?

THE PRESIDENT: The best Christmas story I know of is to put the lid on about 4.30 today and not take it off until Monday morning.

Q What did you say, Wednesday or Monday morning?

THE PRESIDENT: On Monday there might be news, but I don't know.

Q Are you coming into the office?

THE PRESIDENT: Tomorrow I think I will stay over at the Oval Room (of the White House) and work on Christmas things and packages and the Message.

Q You will put the lid on tomorrow?

THE PRESIDENT: This afternoon. Various (members of my) family begin driving in tomorrow and there won't be much doing on Monday. I don't think I have any appointments at all either for Monday or tomorrow.

Q That reception you had last year to the employees, was that Christmas Day or Christmas Eve?

THE PRESIDENT: Christmas Eve -- they are coming through at twelve o'clock, noon, to shake hands.

Q On the Message to Congress, you are working on that tomorrow?

THE PRESIDENT: Yes. As a matter of fact, the Message to Congress is getting on singularly well. If you want to know how far it has got, I might say that the preliminary rough draft is about three-quarters finished.

Q What was the last thing you wrote, so we can tell how far along? (Laughter)

Q Do you plan to meet with the leaders in a general conference?

THE PRESIDENT: Not a general conference. I will be delighted to see any of them but I have not heard anything of a general conference.

Q In that connection, have you had an opportunity to read the reports submitted by the White Sulphur Conference?

THE PRESIDENT: Not yet. I have it right in the basket to read over the week end, at which time I will read five or six other reports from different organizations. As a matter of fact, every week end I take back to the White House an average of half a dozen reports and suggestions and give them all careful consideration and all fair and equal treatment.

Q Is your mother coming down?

THE PRESIDENT: Yes, either tomorrow afternoon or Sunday.

Q Has the State Department brought to your attention any recent communications from China concerning the silver situation?

THE PRESIDENT: Not very recent. I have not had anything in two weeks;

nothing new.

Q Have you decided to do anything about this agitation for an extra holiday for Government employees?

THE PRESIDENT: Didn't the Executive Order go out about two weeks ago?

Q Yes.

THE PRESIDENT: There won't be any change in that. In other words, the situation is a very simple one. There are a good many departments of the Government that simply cannot be closed for three days. If you once start trying to differentiate as to what office could be closed without interfering with the public business, and which office could be closed, it makes too difficult a problem and the general rule before Christmas and New Years is a half holiday.

The only exceptions to that are the industrial establishments of the Government like the Navy Yard where, obviously, it is practically impossible to put an industrial establishment to work for just four hours.

Q Does your participation in this Community Tree call for a little talk? Didn't you make one last year for two or three minutes?

THE PRESIDENT: Yes, I think three minutes.

Q The same thing this year?

THE PRESIDENT: Yes, the same thing this year.

Q Any developments in the New York power situation?

THE PRESIDENT: I have not heard a word since the day before yesterday.

Q Can you tell us anything for background with respect to the naval situation in London?

THE PRESIDENT: The only thing I can do would be to talk not for background but off the record on that, and this would have to be off the record because, obviously, there isn't anything that I can say, even as back-

ground. We are all very much disappointed that the conference over there -- they were not conferences but conversations -- did not get any further and we all hope that something will turn up in the course of the next year which will make possible a renewal of the limitation of naval armaments or a new treaty which will continue at an even greater speed the reduction of naval armaments.

I do think this: We should all, as Americans, bear this in mind: That we have done nothing in any way to adopt an antagonistic or hostile attitude. Our whole position has been that every nation is entitled to relative security and we have believed that the two previous treaties did give, in one case three nations and in the other case five nations, relative security which has continued for a good many years, from 1921 down to date. And we wanted a continuance of relative security.

The reason I am speaking especially to the Americans present, and speaking off the record, is that I do want to emphasize that every time that any American talks in belligerent terms, it is merely an invitation to somebody else to speak in more belligerent terms. I have regretted anything said by members of Congress, quite frankly, in regard to what we would do under both circumstances. I regretted reading today that somebody had talked about new naval bases anywhere because, as I say, the more we talk about that, the more we are going to get repercussions from other countries.

I am not speaking about any one particular country. It seems to me that our attitude should be to continue to hope that in the next year or two years, since we have two years, to effectuate something, to get a limitation on naval armaments. In the meantime, we should keep our mouths shut about it no matter what we may have personally thought of in regard to hypothetical conditions. They are too hypothetical to

express them out loud at the present time. Everything that the Administration will do will be along that line of trying not to antagonize by thought, word or deed.

I think that is the easiest way of putting it.

Q Also off the record, is there any reason to believe that with the passage of the year the cause of the present breakdown of negotiations will change?

THE PRESIDENT: I hope so. I hope so.

Q Mr. President, do you think it would do any harm if we were to use for background just that part, that you do hope for a treaty?

THE PRESIDENT: All right, Stevie, as a way out.

(Mr. Early spoke to the President.)

THE PRESIDENT: Steve suggests that we let it be used without attribution to the White House sources of any kind. You use it on your own authority. Is that all right?

Q In that connection and on the same basis, is there anything to say about the McCarran Act, the excluding feature of the McCarran Act?

THE PRESIDENT: I don't think so; that is not one of the pending questions.

Q It might be a cause of a good deal of feeling?

THE PRESIDENT: There again, if you get into the reasons assigned by every nation for some kind of a change, it is an interminable subject.

Q Also on the same basis, how are we getting along with Great Britain on this? There has been some discussion that our relations are improved as a result of the strain in every direction.

THE PRESIDENT: I do not think that any human being could write a story one way or the other. They are always what they have been, friendly.

Q Thank you, Mr. President.

THE PRESIDENT: Merry Christmas to you all!

Q (Chorus) The same tc you, Mr. President!

CONFIDENTIAL
Press Conference #168,
Executive Offices of the White House,
December 26, 1934, 10.35 A. M.

MR. DONALDSON: All in.

THE PRESIDENT: I do not think there is any news. The people whose faces I see seem to have survived in pretty good shape. Stevie (Mr. Stephenson) asked me if I was all right myself. I am extremely well. I did not overeat for the very simple reason that I had to carve the turkey myself and there were so many second helpings that I did not have a chance. Steve (Mr. Early) can prove it.

I do not think there is any news at all. Between now and the opening of Congress there won't be any conferences, as such. Of course, I will be talking to an enormous number of people, various departmental heads, the Director of the Budget, the leaders of the Senate and House, but there are not any regular conferences scheduled as such. It is too big a word.

Q Do you anticipate a larger field of operation for the Electric Home and Farm Authority? The Tennessee Valley subsidiary?

THE PRESIDENT: We are working on that at the present time. There is not much to be said about it because we are still working on it. If we can be helpful to private utilities in setting up some similar method of financing, I think the idea is that we will want to be helpful. But it is still very much in the discussion stage. The whole thought is that if you can buy large blocks of appliances in large quantities and get a reduced rate and if you can finance them at a lower rate than it is customary to finance them, you will get more people to buy them.

Q You are talking about private financing, however?

THE PRESIDENT: Private financing, and a good many of the utilities are doing

a very good job on that work already.

Q Mr. President, is there anything you can tell us about the Federal Trade Commission's steel basing point report?

THE PRESIDENT: No. Have they made a report or are they going to make a report?

Q The Trade Commission has and the NRA has not as yet.

THE PRESIDENT: That was something I have not taken up at all. I knew there was a report due.

Q Can you tell us anything about the billion dollars that Congress is going to be asked for for the HOLC? Many Congressmen are talking about it.

THE PRESIDENT: No; haven't got to it at all. There is that Credit Committee that covers all of the credit agencies. I think they have a meeting today.

Q Representative Tinkham said that by joining the International Labor Organization we virtually became a member of the League of Nations.

THE PRESIDENT: No, except to say, off the record, "Good old George." That is strictly off the record. (Laughter)

Q Some of the papers are saying that you plan to call the Cabinet in today to either discuss or read your Message to the Congress.

THE PRESIDENT: It is the regular Friday meeting.

Q Have you decided whether you will read your Message in person?

THE PRESIDENT: I never decide that until the last moment. If I was writing the story, I would make a pretty good guess.

Q When you wrote a letter to the Federal Housing Administration, citing a five per cent basic interest rate on insured mortgages, did you intend that the annual service charges should be added to that interest rate? That they should be imposed in addition?

THE PRESIDENT: I could not tell you the details. As I remember it, they had

a quarter of one per cent to cover something -- I do not remember the details but it was not an annual service charge, as I remember it. I think the whole thing was lumped into an additional percentage in the beginning. Well, the whole thing came out at the time but I do not remember the details.

Q You do not intend that there will be an annual additional charge?

THE PRESIDENT: I had better not tell you because I do not know. My impression was that those were taken up as an additional amount when the law was made but I am not sure.

Q Did you get a chance to look over that committee's report?

THE PRESIDENT: Which one?

Q The White Sulphur Springs Report?

THE PRESIDENT: No; I have not looked at the basket.

Q In the Mississippi Valley Committee's report today, it recommends power development and flood control and in every case the navigation project is recommended to be held up.

THE PRESIDENT: What is that? Is that this one? (Indicating)

MR. EARLY: Yes, sir.

Q In most navigation cases, it recommends it be held up until it has reached a point where the shipping will be able to pay for the cost.

THE PRESIDENT: This particular report, being on a large special subject, was made the field for a special committee under Morris L. Cooke and he, also, was on the National Resources Board. This might also be called the report of a subcommittee of the National Resources Board and any actual work under this report will be tied in with the national program under the National Resources Board report. I could not tell you the details of it.

Q Is the Administration formulating a policy that local states and com-

munities shall bear a part of the navigation control costs? It is in that report.

THE PRESIDENT: I couldn't tell you because I haven't read it. What is that for, floods and things like that?

Q Yes, sir; flood control. Those that benefit should pay part of the cost.

THE PRESIDENT: Of course that brings up a very large subject. Because it is fairly new, we haven't a policy on it yet. We are studying it. If you take city improvements -- in a good many cases in city improvements you charge a portion of the improvement cost to the property that is benefitted. On our large national projects, we have never done it. It does raise a question which has not been raised before.

It is a very large subject as to whether, if you build a national highway and it greatly benefits adjoining property, whether that property should bear some of the cost. And it is the same way with flood control. If you have bottom lands that are inundated every year or every other year or every third year and therefore aren't of very great value, if the Federal Government or the State Government or the County Government makes your land free of floods, ought you not to pay some fair proportion so that you would not be a beneficiary without cost to yourself? It is a very big problem and I think eventually we are going to have a rule of reason on it by which, if you can show that private property is very definitely benefitted by a government project of any kind, it probably ought to bear a reasonable share of the cost of the project.

Q Would that contemplate state improvements, such as the Missouri River going through the State of Missouri and the state paying --

THE PRESIDENT (interposing): No, I don't think so.

Q Last year, you suggested some sort of payment by boats using water highways?

THE PRESIDENT: That we are trying to establish as a principle, making it a very, very small payment. In other words, to establish the principle of paying something toward the cost of government where you are directly benefitted by it. There have been two reports from the War Department already.

Q I understand there is a Civil Service Commission report with respect to covering the emergency employees into civil service. Is there anything progressing on that that you can speak of?

THE PRESIDENT: Only the general effort we are making, where an emergency agency looks to be fairly permanent, to begin giving people who work for that agency, perhaps a small number of them, gradually giving them the same rights of other Government employees. No wholesale business, but gradually working them into the Government service.

Q Did that mean by Executive Order or by examination?

THE PRESIDENT: That I do not know. We haven't got as far as that yet.

Q Have you any numbers of those affected?

THE PRESIDENT: What?

Q How many would it affect; about how many?

THE PRESIDENT: I do not know; I could not tell you the total.

Q A few hundred?

THE PRESIDENT: Oh, I hope more than that.

Q Do you mean that local participation would apply to navigation as well as flood control?

THE PRESIDENT: Navigation is a pretty broad word. For instance, let us take two concrete examples: On the straight navigation end, the vessels that use the lighted channel or the buoy channel get some benefit out of it -- they always have -- and in some cases they pay port dues. But they have never paid for going up the Hudson River, where it costs quite

a lot to maintain the channel, dredging, etc. Any charges there would be very, very small. In other words, it would be so small that it would not affect navigation at all, to speak of.

Q I meant the development cost.

THE PRESIDENT: On the development end -- I am just thinking out loud now -- suppose you build a new channel from Kingston to Albany. The Government does it. The question is, does Coxsackie and this city of Hudson -- ought they to pay for their own new wharves? I should think, obviously, yes.

Q I mean the development of the channel, not of port facilities.

THE PRESIDENT: Oh, no. I don't think you can charge that against the community.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #169,
Executive Offices of the White House,
December 28, 1934, 4.05 P. M.

Q (Mr. Storm) All right, Henry (Mr. Kannee), I will run you a race.

THE PRESIDENT: How is your shorthand, Fred?

Q (Mr. Storm) Not so good.

THE PRESIDENT: I think you ought to get Kannee to start a shorthand course for the Press. That is one thing I have always been sorry I did not learn.

Q Just one of the lessons would do me.

Q I do not think there are more than thirty in this whole Conference.

THE PRESIDENT: I always regretted I did not learn it in college and I have always said my four boys would learn it, but they have not.

Q We have our own symbols, our own shorthand.

THE PRESIDENT: Right.

MR. DONALDSON: All in.

THE PRESIDENT: No news. (Laughter) I do not know a thing and neither do you.

Q We are not going to ask any either.

THE PRESIDENT: What is that?

Q How are you coming on the Messages, Mr. President?

THE PRESIDENT: Oh, still in the scrap form -- many scraps being gradually glued together.

Q Mr. President, it would be very helpful to us if you could give us a little background on this matter of relief.

THE PRESIDENT: What about it; what has happened?

Q There seems to be a lot about it that isn't so.

THE PRESIDENT: Right you are; never was a truer word spoken.

Q Maybe it is so?

THE PRESIDENT: I said on the third of January but I think probably you won't know until the fourth of January.

Q What do you know?

THE PRESIDENT: I don't know. I talked with various people as to when I am expected to have a Message (on relief) up there and I don't think anybody knows yet. We are waiting until the fourth.

Q Is that because of the delay in the organization of the House?

THE PRESIDENT: The delay in organization. It is a new House. You see, last year they did not have to organize. I do not think there is anything to say about relief. Any guesses will be with the same accuracies and inaccuracies as usual.

Q There is a report today that Mr. Hopkins has announced that they are going to turn back the unemployables to the states on February first and Darrow's outfit is saying that this is going to bring on a plan for old age pension.

THE PRESIDENT: No, I think all of that -- there is nothing particularly new in that. I think the Relief Administration discovered on checking up in the course of the summer that there were quite a lot of cases on relief that had previously been taken care of by local poor funds or churches and charities, et cetera, and we want, in so far as possible, to get them back to what they always did. I do not think there is anything new in it.

Q Thank you, Mr. President.

THE PRESIDENT: Russell (Mr. Young) says, "Thank you, very much." I do not know what he is thanking me for; I wish I knew some news.

Q Any New Year's resolutions? (Laughter)

Q Must I apologize?

THE PRESIDENT: No; that is grand, perfectly fine.